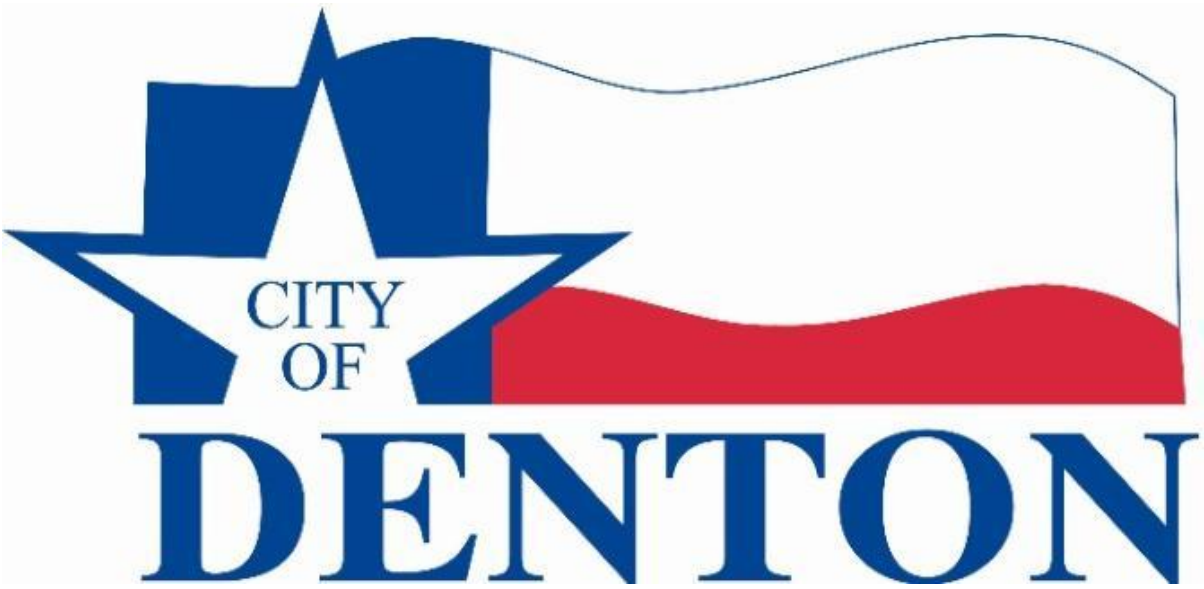
City of
DENTON
Texas

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ending
September 30, 2024

- *Inclusion*
- *Collaboration*
- *Quality Service*
- *Strategic Focus*
- *Fiscal Responsibility*

ToC



CITY OF DENTON CORE VALUES

Inclusion
Creating an environment where individuals and groups are valued, respected, and supported.

Collaboration
Listening, being open-minded and forward-thinking, while working together towards a collective goal.

Quality Service
Anticipating, recognizing, and proactively addressing the needs of those we serve.

Strategic Focus
Always thinking with the future in mind.

Fiscal Responsibility
Ensuring financial sustainability through the responsible use of City resources.

CITY OF DENTON

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CITY OF DENTON, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended September 30, 2024

CITY COUNCIL

Gerard Hudspeth, Mayor
Vicki Byrd, District 1
Brian Beck, District 2
Paul Meltzer, Mayor Pro Tem, District 3
Joe Holland, District 4
Brandon McGee, At-Large District 5
Jill Jester, At-Large District 6

CITY MANAGER

Sara Hensley

ASSISTANT CITY MANAGER

Christine Taylor

CHIEF FINANCIAL OFFICER

Jessica Williams, MPA, CPFO

Prepared by:

Finance Department

ToC

AUDIT ToC

City of Denton, Texas
Annual Comprehensive Financial Report
For Year Ended September 30, 2024

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Finance Department
215 E. McKinney St., Denton, TX 76201 • (940) 349-8244

March 19, 2025

The Honorable Mayor, Members of the City Council and Citizens
City of Denton
Denton, Texas

It is with great pleasure that we present to you a copy of the Annual Comprehensive Financial Report (ACFR) of the City of Denton (the City) for the fiscal year ended September 30, 2024. The purpose of the report is to provide the City Council, management, citizens, and other interested parties with detailed information concerning the City's financial condition.

THE REPORT

The Texas Local Government Code (§ 103.001) requires an annual audit for municipalities. In addition, the City Charter (Section 2.13) requires a Certified Public Accountant who, as of the end of the fiscal year, shall make an "independent audit of accounts" and prepare a report to the City Council and the City Manager. This document fulfills the above-mentioned requirements, and the independent auditor's opinion is included in the report for the fiscal year ended September 30, 2024.

The ACFR is presented in three main sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The Financial Section includes the Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information, Combining and Individual Fund Financial Statements, along with the independent auditors' report. The Statistical Section and Other Supplementary Information include selected financial and demographic information, generally presented on a multi-year basis.

The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City, and is based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the results of our operations in each of the various funds reported by the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The accounting firm of Weaver and Tidwell, L.L.P. has issued an unmodified opinion on the City of Denton's financial statements for the period ended September 30, 2024. As a recipient of federal and state grant awards, a separate audit is prepared to meet the requirements of the Single Audit Act Amendments of 1996 and related Uniform Guidance. As a part of the City's single audit, tests are conducted to determine that the City has complied with applicable laws and regulations related to federal awards.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

CITY OF DENTON PROFILE

Denton distinguishes itself from other cities in North Texas through its vibrant arts and culture scene, robust university partnerships, dynamic community collaborations, and commitment to 100% renewable energy. Originally incorporated on September 26, 1866, Denton has evolved from a serene college town on the outskirts of the Dallas-Fort Worth metroplex into one of the fastest-growing cities in the United States, with a current

population of approximately 150,000. This figure is projected to reach 229,192 by 2040, according to U.S. Census Bureau forecasts. Denton combines a reverence for its history with an eagerness to innovate. The City of Denton is in the northern portion of the Dallas/Fort Worth Consolidated Metropolitan Statistical Area (CMSA). The City is a part of the Dallas/Fort Worth Metroplex and is situated at the apex of a triangle based by Dallas (37 miles to the southeast) and Fort Worth (35 miles to the southwest) providing excellent access to and from all parts of the area. The heart of the city's urban core is anchored by a vibrant cultural arts district within Downtown Denton as well as three university campuses. The community is also recognized for its commitment to sustainability and environmental stewardship, in addition to its focus on health and wellness, highlighted by over 5,000 acres of parkland, more than 60 hiking trails, and numerous recreational facilities.

CITY SERVICES AND ORGANIZATION OF THE GOVERNMENT

The City is a home rule city and operates under the Council-Manager form of government. The elected seven-member council consists of a Mayor and six Council Members. The Mayor and two Council Members are elected at large, while the remaining representatives are elected from single member districts. The City Council enacts local laws, determines policy, and adopts the annual budget, and the City Manager is the chief executive officer for the City.

The City provides a full range of general government services to its citizens including: public safety (police and fire protection); public works (construction and maintenance of highways, streets, and infrastructure); parks and recreation; library; planning and zoning; economic development; and general administrative services. The City's enterprise fund operations consist of a utility system, solid waste, and airport operations. The City's utility system provides electric, water, and wastewater services.

The internal service operations consist of Materials Management, Fleet Services, Risk Retention, Health Insurance, Engineering Services, Technology Services, Customer Service, Facilities, and Environmental Services funds. The Materials Management Fund accounts for the financing of Warehouse and Purchasing services which are provided to other City departments. The Fleet Services Fund accounts for the financing of goods and services provided by the municipal garage to other departments within the City. The Risk Retention Fund accounts for the accumulation of resources for the payment of workers' compensation, general liability claims, and insurance policies. The Health Insurance Fund accounts for administration of the self-insurance program for health coverage in the City. The Engineering Services Fund accounts for the provision of internal engineering services to various City operations and capital projects. The Technology Services Fund provides support for the various information and computer systems within the City. The Customer Service Fund accounts for the financing of customer service activities provided to the residents and businesses of the City on behalf of other departments within the City. The Facilities Management Fund is responsible for maintaining all city-owned facilities and vertical construction projects. The Environmental Services Fund accounts for the consolidated environmental-related services provided across the City. The financial statements presented include all government activities, organizations, and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB).

LOCAL ECONOMY

As the Dallas Ft. Worth Metroplex continues to grow, the City of Denton is seeing increased growth. In Fiscal year 2023-24, the City continued to see an increase in development and economic activity, resulting in strong property tax collection, sales tax collection, and an increase in return on investment (ROI) revenue from city utilities. Greater than one-third of the total General Fund revenue is generated from ad valorem taxes. As shown below, the 2024 certified value increased by 10.16% or $1,958,758,443 (excluding TIRZ) from the 2023 certified value. Analysis of the increase shows there was approximately $1.21 billion in new value added to the appraisal roll due to new growth and construction. The City received a certified total from the Denton County Appraisal District (DCAD) with only 1.04% of properties still under protest. The low amount of protested value helps create more certainty in the revenue forecast.

Below is a chart with a detailed breakdown of certified values:

	2023 Certified Total AV	2024 Certified Total AV	Increase (Decrease)	Percent Change	New Value
General Government	$19,287,823,297	$21,246,581,740	$1,958,758,443	10.16%	$1,211,067,354
Downtown TIRZ[1]	$164,000,321	$136,240,592	($27,759,729)	-16.93%	$2,202
Westpark TIRZ[2]	$157,617,172	$165,462,701	$7,845,529	4.98%	$35,711,809
Total	$19,609,440,790	$21,548,285,033	$1,938,844,243	9.88%	$1,246,781,365

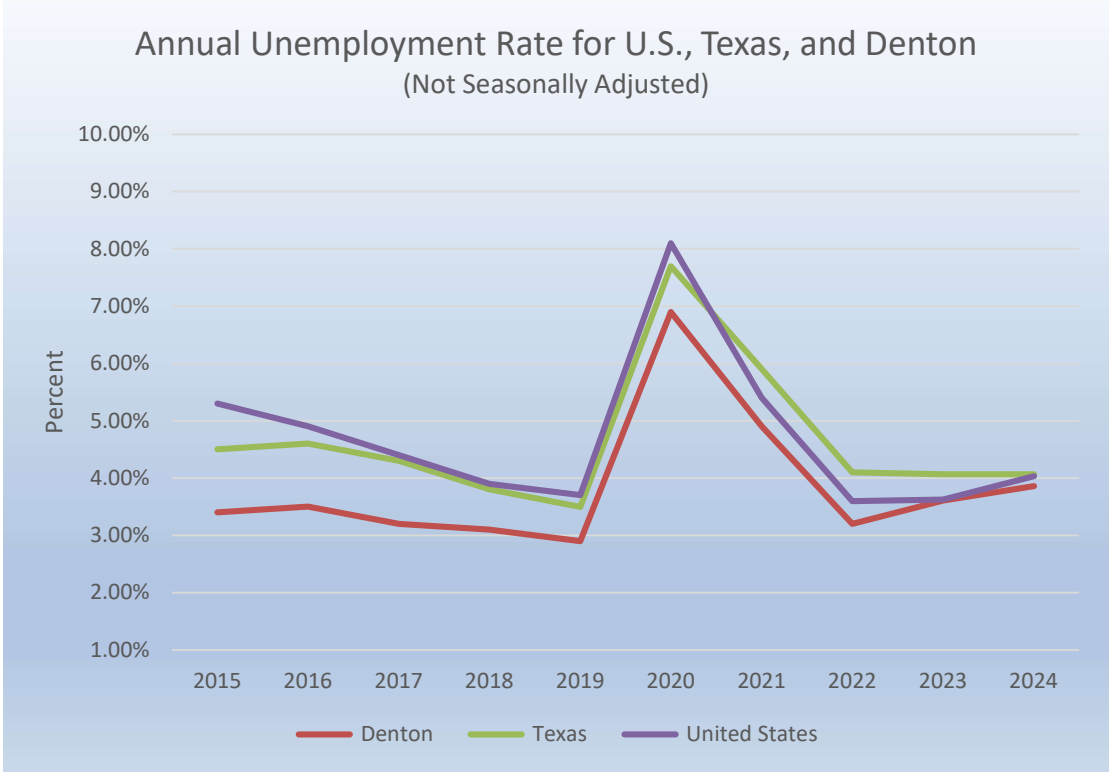
[1] Downtown TIRZ – Reflects 90% of incremental value through FY 2039 per Ordinance No. 2010-316.
[2] Westpark TIRZ – Reflects 40% of incremental value through FY 2037 per Ordinance No. 2013-033.

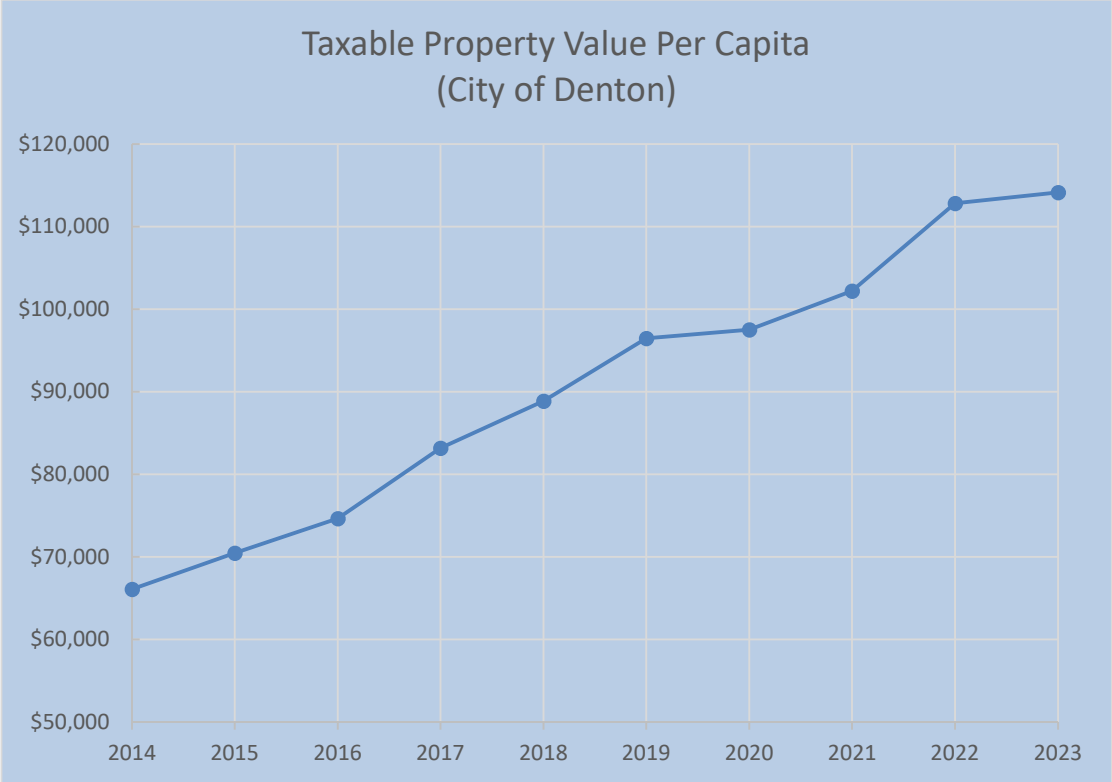
Sales tax represents approximately 33.7% of overall revenue in the General Fund, sales tax is a significant revenue source that is dependent upon a variety of economic factors. For FY 2023-24, total sales tax revenues equaled $57,074,842 which is $1,168,502 or 2.09%, more than the prior year collections of $55,906,341. The anticipated FY 2024-25 collections total $60,841,793 which is 5.73% above the FY 2023-24 estimated collection. The chart below illustrates collections over the prior ten-year period with an estimate of collection in FY 2024-25.

From a budgetary basis, the General Fund received $186.7 million in revenue and incurred $189.0 million in expenses resulting in a decrease in fund balance of $2.3 million.

The City of Denton's not seasonally adjusted annual unemployment average rate remains below state and on par with national levels at an average 4.0 percent in 2024 which has slightly increased compared to 3.6 percent average in FY2022-23. The City of Denton issued 1,893 residential, commercial, multi-family building permits for FY2023-24, with an estimated value of $1.4 billion (excluding City building, County buildings, schools, and churches). This compares to a total of 2,203 issued for FY2022-23 with an estimated value of $1.4 billion. The overall permit numbers were down, primarily in single family residential, however values remain consistent due to an increase in multifamily housing.

The following two charts highlight the strength of the local economy over the last ten years by displaying the City of Denton's unemployment rate compared to Texas and the United States and the taxable property values per capita in the City of Denton.





https://data.bls.gov/timeseries/LNS14000000
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In fiscal year 2023-2024, the Rayzor Ranch mixed-use development in Denton experienced significant growth, enhancing both its residential and commercial offerings.

The Rayzor Ranch mixed-use development is located on both the north and south sides of US Highway 380 in Denton. Rayzor Ranch Marketplace, on the north side of the development, has constructed over 500,000 square feet of retail and commercial space. Sam's Club and Wal-Mart anchor the development that includes a Home Depot, as a recent tenant addition. The Town Center also includes the Embassy Suites Hotel and Convention Center described in more detail below. In addition, a new 300-unit multifamily project, the Village at Rayzor Ranch, opened in late 2019. In 2021, the Residences at Rayzor Ranch opened. This is a 40-acre site that includes 215 three- and four-bedroom townhomes as well as 65 single-family homes. Portillo's, Salata and Pei Wei are new restaurant tenants at the Town Center. Recent developments include an At Home and Dick's Sporting Goods that have opened and a future 148,000 square foot and $22.7 million Target store that is nearing completion.

Residential Developments:

Resia Rayzor Ranch:

- This 433-unit apartment community officially opened in December 2024, offering one-, two-, and three-bedroom apartments with modern amenities such as stainless-steel appliances, in-unit washers and dryers, and granite countertops. Residents can also enjoy a 24-hour fitness center, swimming pool, basketball court, and a forthcoming pickleball court.

Altera Rayzor Ranch:

- In October 2024, Wood Partners broke ground on a 192-unit multifamily community within Rayzor Ranch. This development will feature one-, two-, and three-bedroom layouts, with amenities including a resort-style pool, modern fitness facility, outdoor socializing spaces, and coworking areas. The project is expected to be completed by the third quarter of 2025.

Commercial Developments:

Target Store:

- A new 148,000-square-foot Target store, representing a $22.7 million investment, is nearing completion within Rayzor Ranch. This addition will further enhance the retail offerings available to residents and visitors.

At Home:

- The home décor superstore opened a new location in September 2023 within the Rayzor Ranch Town Center. This addition has provided residents with a wide range of home furnishing options and has drawn shoppers from surrounding areas, contributing to increased retail activity.

During the fiscal years 2023-2024, Denton experienced significant industrial development, enhancing its economic landscape:

Longhorn Steakhouse

- In April 2024, Longhorn Steakhouse opened a new 5,780-square-foot restaurant at 2900 S I-35E, in front of Buc-ee's Travel Center.

Exeter Property Group:

- Constructed three industrial buildings at the northeast corner of Western Boulevard and Jim Christal Road, measuring 324,000, 421,000, and 1,076,000 square feet. Ariat International leased 500,000 square feet at 1011 Western Boulevard.

Holt Lunsford Commercial Investments:
- Secured $32.7 million in August 2024 for the development of Denton Point III, IV, and V, totaling 451,856 square feet at 670-710 Masch Branch Road.

High Street Logistics Properties:
- Completed the Golden Point Industrial project, a 180,657-square-foot warehouse south of US 380 along I-35, with construction starting in November 2023 and completion expected by May 2024.

EastGroup Properties:
- Initiated construction of Denton Exchange 35 Industrial Facility in Q2 2024, comprising two Class A industrial buildings totaling approximately 243,859 square feet, with completion anticipated by Q4 2025.

Southwire Company:
- Announced a 100,000-square-foot expansion of its Denton facility, investing $85.4 million over three years, with an expected valuation increase of over $69 million and the creation of 95 new jobs.

Ironwood Realty Partners and Scannell Properties:
- Partnered on Denton Crossing @ I-35, a project encompassing approximately 1.2 million square feet of industrial speculative space along Western Boulevard. Buildings 1 and 2, totaling nearly 700,000 square feet, have been completed, with Buildings 3 and 4 adding 398,000 and 127,000 square feet, respectively.

The City of Denton uses various economic development tools including financial districts to improve and enhance infrastructure and encourage private investment in specific areas of the City. These development districts support development and revitalization and are commonly known as public improvement districts, tax increment reinvestment zones, or municipal management districts.

Denton currently has two active development districts:

- Tax Increment Reinvestment Zone Number One (Downtown TIRZ)
- Tax Increment Reinvestment Zone Number Two (Westpark TIRZ)

In the Downtown TIRZ area, the following projects are underway:

- **Fine Arts Theater:** The Denton City Council approved a $1.6 million economic development agreement to help with renovations and redevelopment at the Fine Arts Theater of Denton. The Theatre will be a multiuse facility for live performances, movies, special festivals, concerts, and private rentals. The 9,900-square-foot theater has been part of downtown since 1877, when it opened as an opera house, then became part of the Texas movie theater chain in 1935 and then the Fine Arts Theater in 1957.
- **Roses Costumes:** Longtime Denton costume shop Rose Costumes moved into the former McNeill's space directly on the Downtown Square. The business received a $50,000 downtown reinvestment grant.

Several projects, which will total over 3 million square feet, are currently underway in the Westpark Tax Increment Reinvestment Zone (TIRZ) and industrial area.

Westpark Industrial
- A 16-acre parcel, at 251 N Western Boulevard, will include two speculative buildings at just over 100,000 square feet each.

During the fiscal year 2023-2024, Denton experienced notable advancements in its tech and entrepreneurial sectors, significantly bolstered by initiatives from Stoke Denton and Texas Woman's University's (TWU) Center for Women Entrepreneurs (CWE).

AccelerateHER Program:

- In collaboration with TWU's CWE, Stoke Denton concluded the fourth cohort of the AccelerateHER program in January 2024. This incubator supports women entrepreneurs by providing resources and education to fast-track their startups into scalable businesses. The 2023-2024 cohort comprised seven women who participated in weekly workshops and one-on-one mentorship sessions over five months. The program culminated in a virtual showcase, allowing each entrepreneur to present their business and growth strategies.

FlintConf 2024:

- In May 2024, Stoke Denton hosted FlintConf, Denton's annual startup conference aimed at empowering the local economy, entrepreneurs, and creatives. The event featured various workshops, panel discussions, and networking opportunities, attracting a diverse group of attendees and fostering collaboration within the entrepreneurial community.

Global Entrepreneurship Week (GEW) 2023:

- From November 13-19, 2023, Stoke Denton celebrated GEW by organizing multiple events to support and inspire local entrepreneurs. The lineup included a fireside chat with Kari Meyercord-Westerman, owner of Thistle Creative Reuse; a virtual Coffee + Convo session with Heather Gregory, Executive Director of Stoke; a Denton Creative Mixer at Denton County Brewing Company; and the Denton Pitch Competition and Small Business Expo at Sunago Bell. These events collectively enhanced community engagement and provided valuable resources for business development.

Denton Pitch Competition:

- As part of GEW 2023, the Denton Pitch Competition offered local entrepreneurs a platform to present their business ideas to potential investors and partners. The event featured ten businesses pitching their concepts, with a total of 13 entrepreneurs participating in the accompanying Entrepreneur Expo. This initiative provided 28 hours of coaching to 17 entrepreneurs, fostering business growth and innovation within the community.

Coffee + Convo Sessions:

- Throughout the fiscal year, Stoke Denton hosted monthly "Coffee + Convo" sessions, totaling 11 events with 75 attendees. These informal gatherings facilitated discussions on various business topics, allowing entrepreneurs to share experiences, seek advice, and build networks within the local startup ecosystem.

These developments reflect Denton's robust industrial growth during the 2023-2024 fiscal years, contributing to economic expansion and job creation.

FINANCIAL INFORMATION AND FINANCIAL POLICY

The City's financial direction begins with the City's Charter, which is the basis for all financial policies the City implements. The City maintains financial policies for general operations, which include policies for financial management and fund balances, budget compliance, debt issuance and management, accounts payable, water service, and purchasing, among others.

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the liability is incurred. Proprietary (which includes Internal Service Funds) operations are maintained on the full accrual basis.

The City's Annual Operating Budget is proposed by the City Manager and approved by the City Council following public discussion. The City's Charter requires adoption of the City's budget no later than September 30th. The budget structure is organized by funds. Normally, funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The two types of funds utilized in the budget are Governmental and Proprietary (which includes Internal Service Funds). Budgetary control is maintained at the fund level by the Finance Department.

All legally required funds are budgeted annually by type, as follows:

- Governmental Funds
  - General Fund
  - General Debt Service Fund
  - Street Improvement Fund
  - Tourist and Convention Fund
  - Police Confiscation Fund
  - Catalyst Fund (formerly the Economic Development Investment Fund)*
  - Parks Gas Well Fund
  - Roadway Impact Fee Fund
  - Tree Mitigation Fund
  - Public Education Government (PEG) Fund
  - McKenna Trust Fund
  - Park Land Dedication and Development Trust Fund
  - Downtown Tax Increment Reinvestment Zone (TIRZ) Fund
  - Westpark Tax Increment Reinvestment Zone (TIRZ) Fund
  - Sustainability Framework Fund
  - Other Miscellaneous Special Revenue Funds
- Proprietary Funds
  - Electric Fund
  - Water Fund
  - Wastewater Fund
  - Solid Waste Fund
  - Airport Fund
  - Internal Service Funds
    - Customer Service Fund
    - Engineering Services Fund
    - Environmental Services Fund
    - Facilities Management
    - Fleet Management Fund
    - Health Insurance Fund
    - Materials Management Fund
    - Risk Retention Fund
    - Technology Services Fund

LONG-TERM FINANCIAL PLANNING

In conjunction with this document, interested parties are encouraged to read the City of Denton's FY 2024-25 Annual Budget document. This document details the City's strategic plan, long-term financial policies, program accomplishments, and other key initiatives. The document also includes the long-term financial forecasts for each of the major funds, and a summary of the assumptions that are included in these plans. In addition, the budget document provides an overview of the adopted Capital Improvement Program and planned future debt issuances. The Annual Budget can be accessed through the City's web site at www.cityofdenton.com and selecting Financial Transparency under the "Open Government" link.

RELEVANT FINANCIAL POLICIES

The City of Denton maintains reserve balances for emergencies. In the General Fund, the target reserve level is a minimum of 20% of budgeted expenditures with an additional 5% resiliency reserve for a combined total of 25% to provide stability and flexibility for the organization. As described in the accompanying ACFR document, the unassigned fund balance is $42.1 million, or 22.3%, of the budgeted General Fund expenditures for the fiscal year ended September 30, 2024.

Beginning in FY 2011-12, the City adopted a policy which requires a minimum ending working capital balance (current assets minus current liabilities) of at least 8% of budgeted expenditures for the Electric, Water, Wastewater and Solid Waste Funds. If the working capital level should fall below the desired minimum, the City will implement necessary corrective action with a five-year plan to restore the working capital balance to 8% of budgeted expenditures.

Additionally, rate reserve levels were established for the Electric, Water, Wastewater, and Solid Waste Funds in FY 2011-12 according to the unique operational aspects of each utility. The rate reserve levels were most recently revised in FY 2020-21 based on the factors of revenue stability, expense and demand volatility, infrastructure age, debt levels and management plans for the use of these reserves. The rate reserve level is established at a range of 38% to 61% of expenses for the Electric Fund, at a range of 20% to 31% of expenses for the Wastewater Fund, at a range of 25% to 42% of expenses for the Water Fund, and at a range of 6% to 10% of expenses for the Solid Waste Fund. If the rate reserve level falls below the range, the City will implement the necessary corrective action within a five-year plan to restore the balances to the levels outlined above.

The City of Denton has adopted an Investment Policy which guides the investment of all City funds. In accordance with State law, the policy is reviewed annually by the City Council to ensure that public funds are being invested in a conservative and prudent fashion. In addition, the City also annually reviews and approves a Debt Management policy. The purpose of this policy is to provide general guidelines regarding the issuance of City debt and the use and limitation of such debt. The City complied with all aspects of the Investment and Debt Management policies during FY 2023-24.

MAJOR INITIATIVES

The City's Strategic Plan and Council specifically identified improving facility infrastructure as a major goal. In response to this goal, the FY 2024-25 Budget includes additional issuance of General Obligation Bonds. This increase in funding shows the City's continued commitment to facility infrastructure and equipment funding.

The combination of increased operating funding along with the issuance of debt shows the strong commitment to improving our infrastructure. In the future, the City staff will continue efforts to identify additional funding for facility infrastructure and equipment funding activities along with potential future debt issuances for street reconstruction to continue to improve the condition of the City's streets over the long term.

AWARDS AND ACKOWLEDGEMENTS

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023, for the thirty-seventh consecutive year. To be awarded the Certificate of Achievement in Financial Reporting, the City must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is held for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received the GFOA award for Distinguished Budget Presentation for its fiscal year 2023-24 Annual Budget for the thirty-seventh consecutive year. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged according to its compliance with specific guidelines established by GFOA. These guidelines help ensure that Denton's budget is distinguished as an operations guide, financial plan, policy document, and communications device. The City has submitted its fiscal year 2024-25 Annual Budget to GFOA

to determine its eligibility for another certificate. We believe it continues to meet the Distinguished Budget Presentation Award criteria.

The City received a Certificate of Distinction from the Government Treasurers of Texas (GTOT). The distinction was received for developing an investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing as established by the GTOT. The GTOT awards an estimated 38 distinctions annually, which the City has received nine times since 1999.

In 2024, City of Denton was awarded the Six Transparency Stars by the Texas Comptroller, which recognizes cities, counties, special purpose districts and school districts to provide easy online access to important financial data. The City of Denton is only one of five local government in Texas to receive all six transparency stars. Transparency Stars are granted and maintained on an ongoing basis.

We would like to thank the City Council for their strong leadership and support that helped make the presentation of this report possible. We would also like to thank the City Manager, Finance staff, department directors, division heads and especially the Accounting Division staff for their diligent efforts in the preparation of the annual financial report.

DocuSigned by:
Christine Taylor
2B3E02ECE3184D8...

Christine Taylor
Assistant City Manager

Signed by:
Jessica Williams
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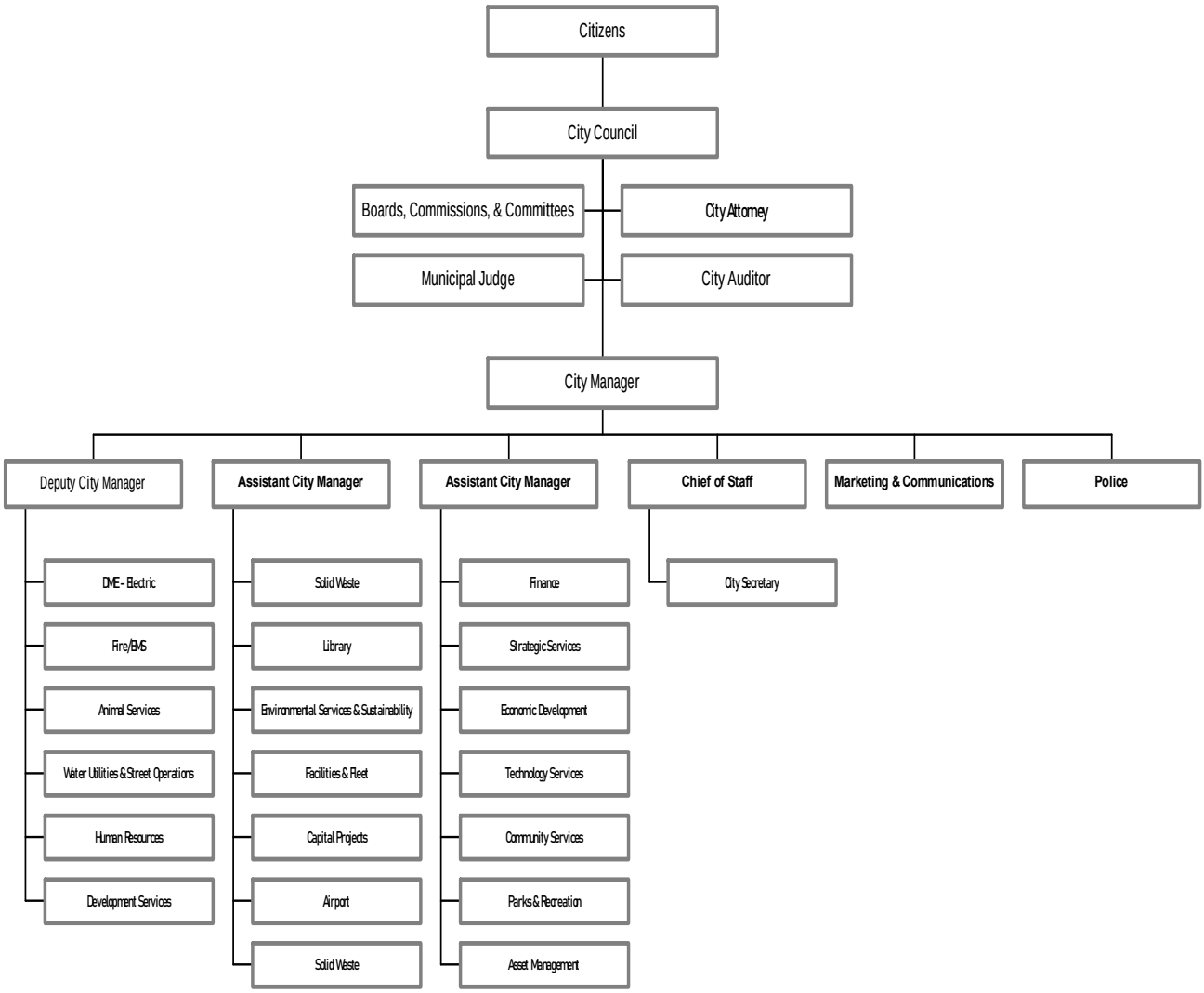
Jessica Williams
Chief Financial Officer, MPA, CPFO

ToC

ORGANIZATIONAL CHART



Organizational Chart Effective February 3, 2025

ToC

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Denton
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrill

Executive Director/CEO

2300 North Field Street, Suite 1000
Dallas, Texas 75201
972-490-1970

Independent Auditor's Report

To the Honorable Mayor
and Members of the City Council of
the City of Denton, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Denton, Texas (City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

The Honorable Mayor
and Members of the City Council of
the City of Denton, Texas

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Mayor and
Members of the City Council of
the City of Denton, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

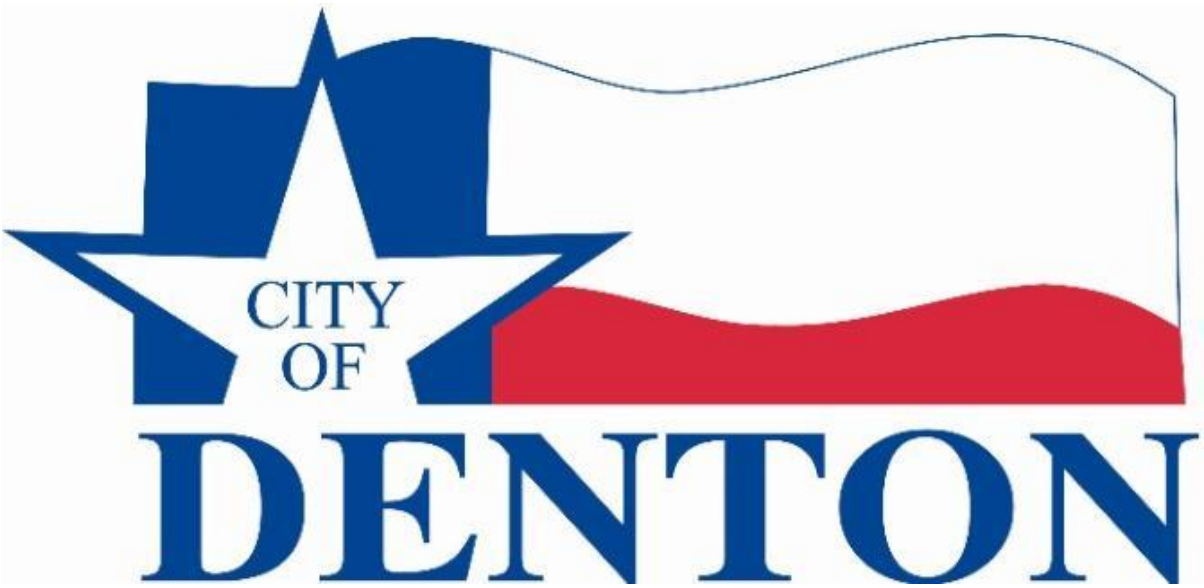
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 19, 2025


CITY
OF
DENTON

CITY OF DENTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

Introduction

The Management's Discussion and Analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

This narrative should be read in conjunction with the transmittal letter at the beginning of the report and the financial statements following this section.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2024 by $1,675,468,543 (net position), an increase of 8.16 percent from prior year net position. Of this amount, $181,525,554 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net Pension Liability of the City is $110,806,951, as compared to $137,889,556 for the year ended September 30, 2023. Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions,* requires the City to report its net pension liability for participation in Texas Municipal Retirement System (TMRS) of the total Net Pensions Liability reported by the TMRS. For the year ended September 30, 2024, the City recorded a decrease in their portion of net pension liability of $27,082,605, an increase in deferred pension inflows of $3,048,948 and a decrease in deferred pension outflows of $18,115,533.
- Governmental activities general and transfer revenues were $224,097,580 as compared to $212,974,155 for the year ended September 30, 2023. The increase of $11,123,425 is primarily driven by an increase in investment income, sales tax revenues, and property tax. Business-type activity general revenues and transfers were $29,203,943 compared to $13,372,331 for the year ended September 30, 2023. The increase of $15,831,612 is primarily driven by investment revenue and gain on sale of capital assets.
- Governmental funds reported combined ending fund balances of $355,523,669 as of September 30, 2024 which is an increase of $102,234,488 from fiscal year 2022-2023 ending fund balance total of $253,289,181, primarily due to issuance of long-term debt and increased revenues.
- The City's primary General Fund resources are property taxes, sales tax, and franchise fees. These combined resources account for 88.6 percent of total General Fund revenues which increased 0.33 percent compared to the prior year.
- The City's long-term liabilities outstanding increased by $271,253,340 in fiscal year 2023-2024. The increase is primarily attributable to an increase of $360,420,000 of Certificates of Obligation and General Obligations Bonds Payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City of Denton's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, deferred inflows, and deferred outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are considered regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental activities**. Most of the City's basic services are reported here, including police, fire, libraries, development, public services and operations, public works, building inspection, technology services and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- **Business-type activities**. The City charges a fee to customers to cover the cost of services it provides. The City's utility systems (electric, water and wastewater), solid waste, and airport activities are reported here.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council establishes many other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies. The following illustration summarizes the major features of the City's financial statements. The City of Denton's funds are categorized as governmental, proprietary funds or fiduciary funds.

- **Governmental funds**. The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

  The City of Denton maintains twelve governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, and ARPA fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for seven of these non-major governmental funds, along with an aggregate of all other governmental funds, is provided in the form of combining statements elsewhere in this report.

- **Proprietary funds**. The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds are similar to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City's internal service funds are used to accumulate and allocate costs internally among the City of Denton's various functions. Both enterprise funds and internal service funds are components of proprietary funds.

The City of Denton maintains five enterprise funds. The City uses enterprise funds to account for its electric, water, wastewater, solid waste, and airport operations. The individual funds provide the same type of information as the government-wide financial statements, only in more detail. The City considers all enterprise funds to be major funds.

The City of Denton maintains nine internal service funds. The City uses internal service funds to account for materials management, fleet services, health insurance, risk retention, technology services, engineering services, customer service, facilities management, and environmental services. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

- **Fiduciary funds**. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements.
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information.
The combining nonmajor fund statements and individual fund schedules are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of September 30, 2024, the City's combined net position was $1,675,468,543 of which $502,144,527 can be attributed to governmental activities and $1,173,324,016 attributed to business-type activities. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net position (79.4%) reflects its investment in capital assets (e.g., land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Position
(in thousands)

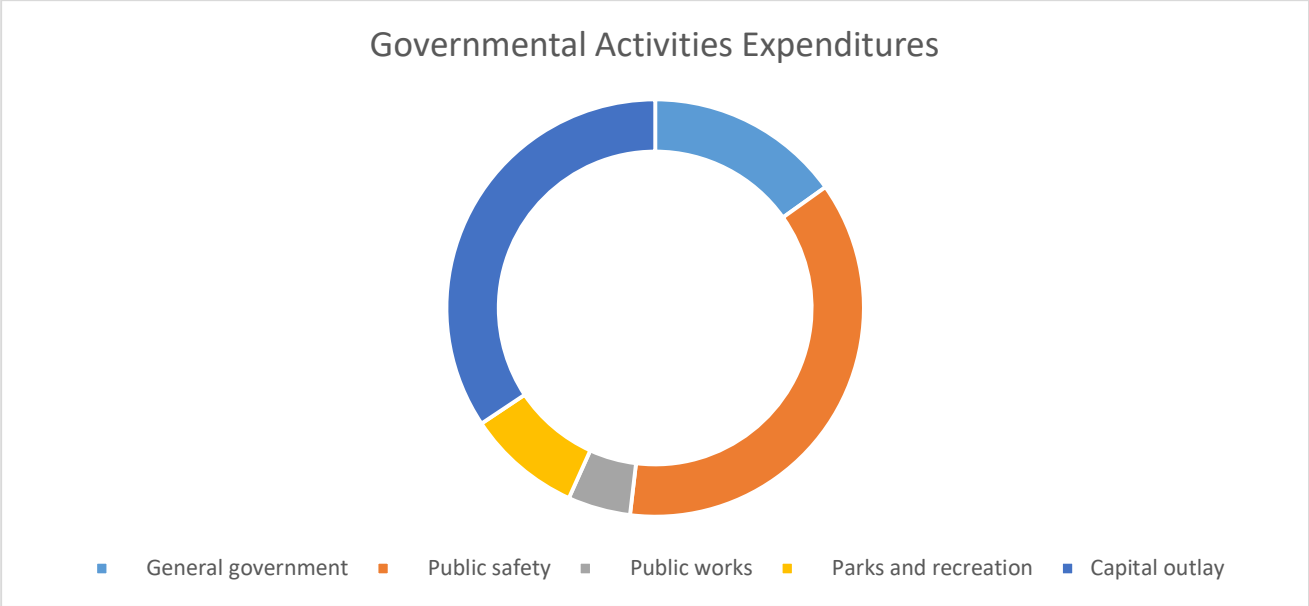
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 451,237	$ 359,378	$ 797,426	$ 719,477	$ 1,248,663	$ 1,078,855
Capital assets, net of accumulated depreciation/amortization	786,807	706,397	1,715,971	1,567,873	2,502,778	2,274,269
Total assets	1,238,044	1,065,775	2,513,397	2,287,350	3,751,441	3,353,124
Deferred outflows of resources	51,057	59,533	16,181	24,657	67,238	84,190
Long-term liabilities outstanding	707,646	579,628	1,295,763	1,152,527	2,003,409	1,732,155
Other liabilities	66,779	87,896	52,037	48,810	118,816	136,706
Total liabilities	774,425	667,524	1,347,800	1,201,337	2,122,225	1,868,861
Deferred inflows of resources	12,532	11,497	8,454	7,874	20,986	19,371
Net position:						
Net investment in capital assets	444,564	394,899	884,537	820,951	1,329,101	1,215,850
Restricted	44,845	42,216	119,996	95,817	164,841	138,033
Unrestricted	12,735	9,172	168,791	186,027	181,526	195,199
Total net position	$ 502,144	$ 446,287	$ 1,173,324	$ 1,102,795	$ 1,675,468	$ 1,549,082

Governmental activities increased the City's net position by $55,857,249. Business-type activities increased the City's net position by $70,529,554. The key elements of these increases are contained in Table 2.

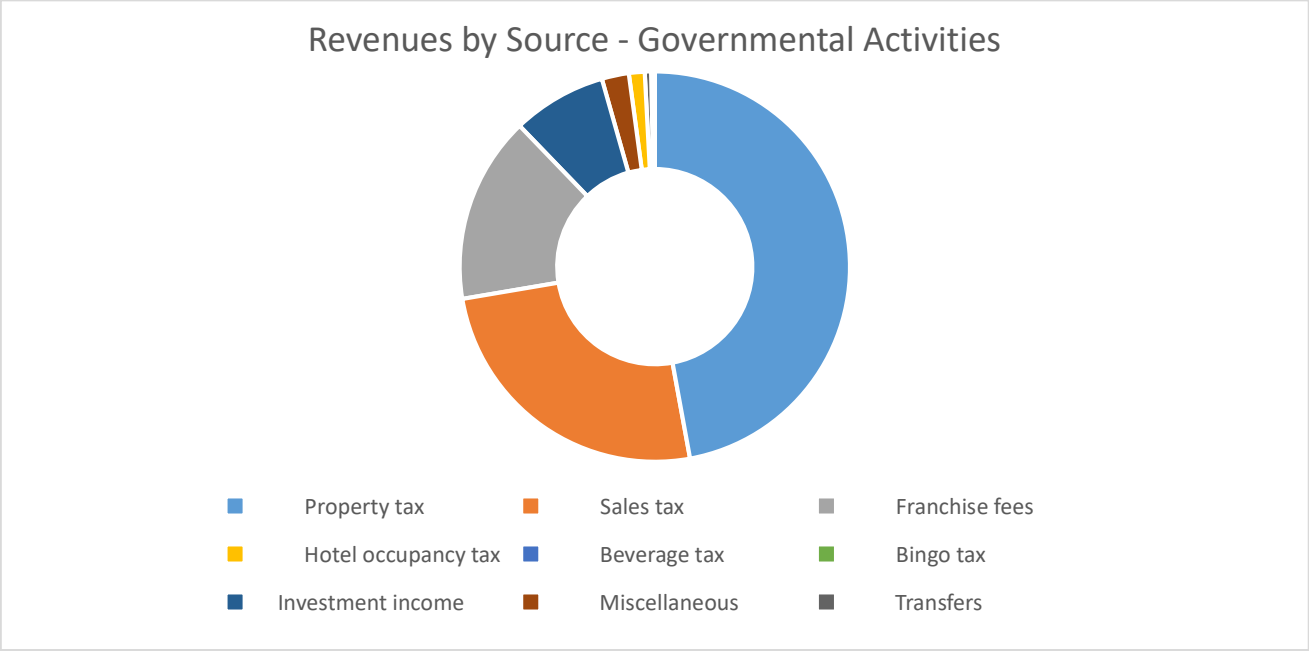
Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for services	$ 23,488	$ 23,704	$ 417,598	$ 483,377	$ 441,086	$ 507,081
Operating grants and contributions	13,042	10,624	-	-	13,042	10,624
Capital grants and contributions	35,256	27,352	35,949	28,043	71,205	55,395
General Revenues:						-
Property tax	106,556	92,186	-	-	106,556	92,186
Sales tax	57,075	55,906	-	-	57,075	55,906
Franchise tax	34,985	39,963	-	-	34,985	39,963
Hotel occupancy tax	2,965	2,895	-	-	2,965	2,895
Beverage tax	703	707	-	-	703	707
Bingo tax	14	17	-	-	14	17
Investment income (loss)	17,015	11,030	27,498	17,370	44,513	28,400
Gain on sale of capital assets	265	(346)	836	19	1,101	(327)
Miscellaneous	5,391	6,598	-	-	5,391	6,598
Total revenues	296,755	270,636	481,880	528,809	778,636	799,445
Expenses:						
General government	57,476	53,383	-	-	57,476	53,383
Public safety	112,543	104,695	-	-	112,543	104,695
Public works	27,467	39,087	-	-	27,467	39,087
Parks and recreation	29,842	28,096	-	-	29,842	28,096
Interest on long-term debt	12,699	10,198	-	-	12,699	10,198
Electric	-	-	286,616	364,624	286,616	364,624
Water	-	-	34,826	41,006	34,826	41,006
Wastewater	-	-	46,815	41,810	46,815	41,810
Solid waste	-	-	41,283	38,049	41,283	38,049
Airport	-	-	2,681	2,421	2,681	2,421
Total expenses	240,027	235,459	412,221	487,910	652,248	723,369
Increase in net position before transfers	56,728	35,177	69,659	40,899	126,387	76,076
Transfers	(870)	4,017	870	(4,017)	-	-
Increase in net position	55,858	39,194	70,529	36,882	126,387	76,076
Net position at beginning of year	446,287	407,093	1,102,795	1,065,913	1,549,082	1,473,006
Net position at end of year	$ 502,145	$ 446,287	$ 1,173,324	$ 1,102,795	$ 1,675,469	$ 1,549,082

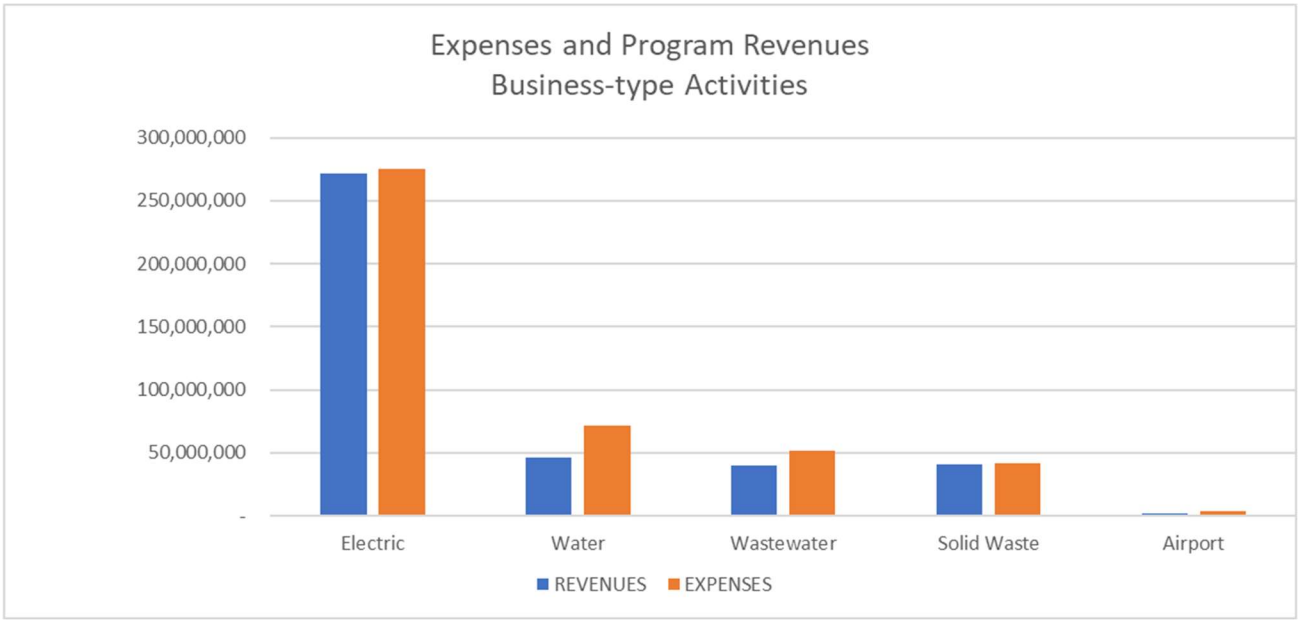
Governmental activities. Expenses for governmental activities reflect an increase of $4.6 million over the prior year. Increases include $4.1 million in General Government, $7.9 million in Public Safety, $2.5 million in interest expense, and $1.7 million for Parks and Recreation, slightly offset by decreases of $11.6 million in Public Works. The most significant governmental activities expense was in providing public safety, which incurred expenses of $112,543,358. The largest expense for public safety is the cost of personnel, which totaled $87,504,246. Last year the City added 17.0 new positions in public safety including 12.0 in the fire department, 3.0 in the animal service department, and 2.0 in the police department.



Governmental expenses were funded by revenues collected from a variety of sources, with the largest being from property taxes, which are $106,555,772 for the fiscal year ended September 30, 2024. Governmental activities program revenues increased $10.1 million over the prior year. Capital grants and contributions increased $7.9 million from contributed asset revenues and American Rescue Plan Act (ARPA) funding for public works transportation and general government projects were completed. Operating grants and contributions increased $2.4 million from funding for public safety and parks and recreation. Charges for Services decreased $217 thousand from general government and parks and recreation. Governmental activities general revenues included an increase of $14.4 million for property tax due to rising values and new construction. Sales tax increased $1.2 million due to population and business growth. Investment income increased $6.0 million due to rising interest rates. Transfers reflect a net $870 thousand transfer out for governmental activities for the current year.



Business-type activities. Business-type activities increased the City's net position by $70,529,554. This accounts for 55.8% of the growth in the entity-wide net position. Total utility service revenues decreased by $58.2 million. No rate adjustments for electric, water, and solid waste, however there was a rate increase of 11% for wastewater utilities in FY23-24. Electric charges for services decreased by $61.9 million mainly due to a decrease in data center revenues. Water charges for services decreased by $3.0 million as compared to the service charges from prior year. Wastewater charges increased by $5.2 million compared to the prior year. Solid Waste charges for service increased by $1.4 million compared to the prior year. Airport charges for goods and services increased by $156 thousand. Water and Wastewater collected $10.3 million and $6.8 million in impact fees, respectively, reflecting a $11.3 million decrease over the prior year. Capital contributions reflected an increase of $7.9 million from the prior year, 65.6% of this increase relates to a year over year change in Wastewater utilities. The Airport gas well revenues contributed an additional $239 thousand in revenue, a decrease of $141 thousand from the prior year. Gas well revenues continue to decline as many wells in the City are being systematically plugged. Total enterprise funds operating costs, before depreciation, decreased $64.8 million. Electric operating costs, before amortization and depreciation, account for 71.6 percent of total enterprise fund expenses. Cost decreases include purchase power costs of $84.7 million from the prior year. Expenses for personnel services and administrative costs increased by $0.8 million. Water expenses increased $2.5 million from the prior year, due to an increase in materials and supplies by 5 percent and administrative costs by 10 percent from prior year. Wastewater expenses increased $2.4 million, due to an increase in personnel, administrative costs, and maintenance and repair. Solid Waste expenses increased $3.6 million from the prior year, due to increased personnel services and administrative costs of $2.8 million.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources available to spend. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $355.5 million, an increase of $102.2 million in comparison with the prior year. $40.3 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the

fund balance has been classified to indicate that it is not available for new spending because it has already been classified as restricted ($252.5 million), committed ($33.7 million), and assigned ($28.9 million).

The General Fund is the chief operating fund of the City. At September 30, 2024, the unassigned fund balance of the General Fund was $42.1 million, or 22.3% of budgeted general fund expenditures. Revenues were $9.0 million higher compared to the previous year primarily due to increases in taxes of $10.0 million, fees for service of $2.8 million, and investment revenues of $980 thousand, partially offset due to decrease in franchise fees of $5.3 million and license and permits of $487 thousand. The net change in General Fund expenditures was $20.6 million higher compared to the previous year primarily due to increased costs related to personnel services and operations. Personnel costs increased $16.1 million over the prior year which includes a 3% cost of living adjustment (COLA). Public safety increased $6.2 million over the prior year due to the addition of 12.0 positions in the fire department, 3.0 positions in animal services department, and 2.0 positions in the police department.

At the end of the fiscal year, the Capital Projects Fund has a total fund balance of $263.2 million, an increase of $102.3 million. The total fund balance is made up of $221.2 million in restricted funds, $13.0 million in committed funds, and $28.9 million in assigned funds, all for capital construction and acquisition. In 2024, the City received $145.2 million of proceeds from the issuance of debt and recognized $14.4 million current year of regional toll revenues from the Texas Department of Transportation, while expending $97.4 million on construction and acquisition. In addition, the capital projects fund received $16.1 million of transfers from other funding sources. The City also received approximately $14.3 million in developer's contributed capital recorded in the government-wide financial statements. This is $5.8 million more than in the prior year.

The Debt Service Fund has a total fund balance of $1.4 million, all of which is restricted for the payment of debt service. As compared with the prior year results, the overall increase in the debt service fund balance of $272 thousand. An increase of $5.5 million in tax revenue was offset by an increase of $4.3 million in principal and interest costs.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at September 30, 2024 in proprietary funds is $71.9 million for Electric, $57.6 million for Water, $28.2 million for Wastewater, $11.1 million for Solid Waste, and $1.6 million for the Airport fund. The results reflect decreases of the unrestricted net position in the Electric Fund of $11.6 million, Wastewater of $7.3 million, and Airport fund of $1.1 million, partially offset by increases in the Water fund of $4.9 million, and Solid Waste fund of $479 thousand. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Denton's business-type activities.

BUDGETARY HIGHLIGHTS

Two amendments to adjust the City of Denton's Annual Program of Services were approved by Council. Council approved funding to provide for additional improvements and other administrative expenses. The additional funds increased the Health Fund by $790,000 for increased health care costs and increased the Fleet Management Fund by $710,000 for increased maintenance costs.

GENERAL FUND BUDGET TO ACTUAL HIGHLIGHT

For fiscal year 2024, General Fund actual expenditures (including transfers) on a budgetary basis were $189.1 million compared to the final budget of $189.1 million. The $4.6 million favorable variance from a transfer expense was offset with increased costs of personnel services of $4.4 million.

Actual revenues for the General Fund (including transfers and sale of capital asset) on a budgetary basis were $186.7 million compared to the final budget of $189.1 million. Included in the $2.4 million unfavorable revenue variance was $2.8 million of decreases in franchise fees, $2.4 million of decreases in license and permits, and

$1.0 million of decreases in intergovernmental revenue. These unfavorable variances were offset by $4.6 million of transfers, $1.7 million in investment revenue, $1.0 million in taxes, and $0.6 million in fines and forfeitures.

The City of Denton's General Fund unassigned fund balance at September 30, 2024 is $42.1 million, or 22.3% of budgeted expenditures. Below is a listing of the ending unassigned balances for the prior year, as well as the fiscal year 2024 unassigned fund balance.

	Actual 9/30/2024	Actual 9/30/2023
Unassigned balance	$42,077,084	$44,600,382
% of final budgeted expenditures	22.3%	24.2%
Policy level	20% plus up to a 5% resiliency reserve	20% plus up to a 5% resiliency reserve

The largest revenue source of the General Fund's budget was the ad valorem tax. Denton's ad valorem tax rate is composed of two components. The first is the operations and maintenance component that is used to calculate revenue for the City's General Fund operations. The second component is the debt portion that is used to calculate revenue to pay the City's general debt service obligations. The Denton Central Appraisal District's certified appraisal roll shows an increase of 15.1% compared to the prior year certified value, which showed an increase of 16.0%. The current property tax year included $1.02 billion of new growth and construction that was added to the tax rolls in Tax year 2024 as compared to Tax year 2023. The fiscal year 2024 ad valorem tax rate remained the same compared to fiscal year 2023 at $0.560682 per $100 of valuation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At the end of fiscal year 2024, the City had $2.5 billion invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, electrical infrastructure, water and sewer lines, SBITA assets and lease assets (see Table 3 below). This amount represents a net increase (including additions and deductions) of $228.5 million or 10.0% over the prior fiscal year.

Table 3
Capital Assets at Year-end
(Net of Accumulated Depreciation/Amortization, in Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	$ 49,344	$ 47,479	$ 89,923	$ 88,227	$ 139,267	$ 135,706
Landfill improvements	-	-	700	2,358	700	2,358
Building and improvements	84,704	77,722	25,591	26,674	110,295	104,395
Plant, machinery and equipment	63,597	57,142	592,666	602,846	656,263	659,988
Water rights	-	-	45,259	45,957	45,259	45,957
Infrastructure	229,346	192,063	566,985	488,876	796,331	680,939
SBITA assets	6,249	8,950	4,957	3,032	11,206	11,982
Lease assets	169	244	-	-	169	244
Construction in progress	353,398	322,796	389,892	309,904	743,290	632,700
Total capital assets	$ 786,807	$ 706,396	$ 1,715,971	$ 1,567,873	$ 2,502,778	$ 2,274,269

This year's major asset additions included:

Description	Amount
Hickory Creek Detention Facility	$ 15,665,249
North/South Water Main Phase 2	15,149,259
BE 14 Outsource 2 & 3 Bundler	11,453,069
FY 20 Street Bundling-Design	7,013,823
GO 14 Street Reconstruction	5,249,542
Loop 288 Property	5,040,501
Hickory Substation TM UG/OH Reconfiguration	4,907,451
Elan Denton PH 2A	4,887,346
Exeter Westpark PH2 - UT	4,674,644
Vintage Village PH1	3,953,899
2019 Street Recon-Neighbor 1A	3,803,061
Emergency Act Plan Lake Forest	3,594,694
Hickory Creek Interceptor	3,525,878
Teasley FM 2181 RE Wind	2,804,566
CO 12 2019 St Reconstruction	2,531,067
	$ 94,254,049

Additional information on the City's capital assets can be found in note IV. D. of this report.

Debt. At year-end, the City had $1,674.6 million in bonds and notes outstanding as compared to $1,398.3 million at the end of the prior fiscal year, an increase of 19.8%, as shown in Table 4.

Table 4
Principal Outstanding Debt at Year-end
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
General obligation bonds	$ 328,400	$ 258,005	$ 124,070	$ 111,900	$ 452,470	$ 369,905
Certificates of obligation	193,855	134,630	689,255	573,285	883,110	707,915
Revenue bonds	-	-	339,010	320,520	339,010	320,520
Total	$ 522,255	$ 392,635	$1,152,335	$1,005,705	$ 1,674,590	$1,398,340

These amounts do not include net unamortized premiums/(discounts) of $107,052,584 nor net deferred gain/(loss) on refunding of ($277,761).

During the fiscal year, the City issued three types of debt in June and July 2024. The first debt issuance included $117.3 million in general obligation refunding bonds of which $32.3 million was for business-type activities. Of this amount, $82.3 million was issued to pay the costs of bond election capital improvements for streets, parks, library and public safety projects in the Capital Projects fund. The remaining $35.4 million was issued to refund outstanding debt obligations. The second debt issuance included $242.8 million ($169.5 million of which is included as part of business-type activities) in certificates of obligation. The debt was issued to pay the costs of various capital improvements in the Capital Projects Fund ($62.9 million), the Electric Fund ($58.1 million), the Water Fund ($55.7 million), the Wastewater Fund ($51.8 million), the Solid Waste Fund ($4.0 million), the Fleet

Fund ($2.6 million) and the Technology Fund ($7.1 million). The third debt issuance included $31.4 million in utility system bonds.

Standard and Poor's Corporation has given both the City's General Obligation Bonds and Certificates of Obligation an "AA+" rating. Standard and Poor's Corporation has given the City's Utility System Revenue Bonds a rating of "A+". Fitch has given the City's General Obligation Bonds and the Certificates of Obligation a rating of "AA+." Fitch has given the City's Utility System Revenue Bonds a rating of "A". The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to certified assessed value of all taxable property is 2.9%.

Other long-term liabilities. The City maintains a self-insurance program for property, excess flood (for specific properties), general liability and excess general liability, aviation ground operations liability, auto liability and physical damage, public officials' liability, professional liability for EMT operations, employment practices liability, law enforcement professional liability, cyber, commercial crime, and workers' compensation. Private insurance companies cover claims for property loss on a per occurrence basis, except for specific perils, with deductibles that vary depending on location and property values, for workers' compensation losses over $1,000,000 per occurrence, and general liability over $500,000 per occurrence. The Risk Retention Fund has a reserve for claims and judgments of $5.9 million outstanding at year-end. Other obligations include pension liabilities, accrued vacation pay, and sick leave. More detailed information about the City's long-term liabilities is presented in Note IV. G.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

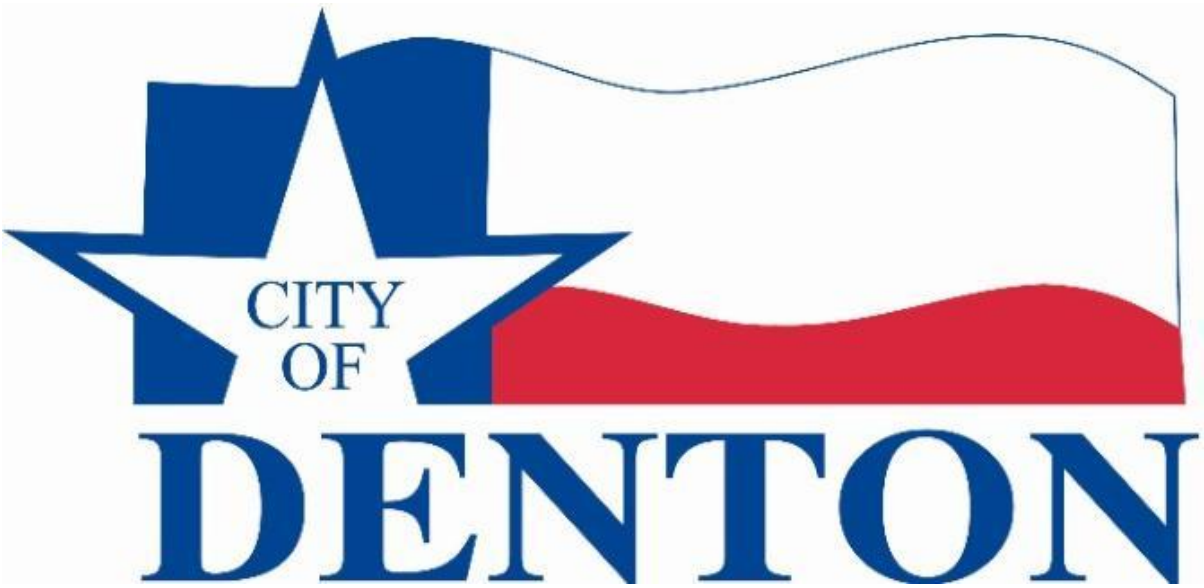
While growth for the Denton community is expected to be moderate in the short term, demand for city services are expected to remain strong over the long term. The adopted budget includes a tax rate of $0.585420 per $100 valuation, an increase over the prior year attributed to the voter-approved 2023 Bond Program. While sales tax collections increased $1.2 million compared to the prior fiscal year, 2025 Budget projects an increase of 5.25% from actual fiscal year 2024 sales tax revenue. Budgeted funding enhancements for fiscal year 2024 include $5.1 million for general fund departments. The fiscal year 2024 Budget included 42 approved supplements for additional staff, increase in operating contracts and capital.

The unemployment rate for the City was 3.8 percent on September 30, 2024 compared to 4.0 percent as of September 30, 2023.

The fiscal year 2025 budget includes an Electric base rate increase of 1.50%, Water rate increase of 3%, Wastewater rate increase of 11%, and Solid Waste rate increase of 1.50% to fund current and future growth.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Denton Finance Department, 215 E. McKinney, Denton, Texas 76201.


CITY
OF
DENTON

CITY OF DENTON, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2024

Exhibit I

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash, cash equivalents and investments, at fair value	$ 105,126,462	$ 201,074,234	$ 306,200,696
Receivables, net of allowances:			
Taxes	11,189,099	-	11,189,099
Accounts	-	19,925,862	19,925,862
Unbilled utility service	-	21,404,590	21,404,590
Interest	2,208,857	1,204,593	3,413,450
Other	3,749,850	6,129,257	9,879,107
Internal balances	(19,938,402)	19,938,402	-
Due from other governments	7,341,636	-	7,341,636
Inventory	22,949,284	-	22,949,284
Prepaid items	11,180	19,872,126	19,883,306
Restricted assets:			
Cash, cash equivalents and investments, at fair value	317,572,236	370,509,317	688,081,553
Escrow deposits	244,000	-	244,000
Taxes	381,996	-	381,996
Accrued interest	282,185	2,219,643	2,501,828
Other receivables	118,810	112,343	231,153
Debt issuance costs - insurance	-	441,330	441,330
Other assets	-	134,594,793	134,594,793
Capital, Lease and Right-to-use assets:			
Right-to-use assets, net of accumulated amortization	6,249,305	4,957,315	11,206,620
Lease assets, net of accumulated amortization	169,226	-	169,226
Capital assets not being depreciated	402,742,360	479,812,653	882,555,013
Capital assets, net of accumulated depreciation	377,646,560	1,231,200,767	1,608,847,327
Total assets	1,238,044,644	2,513,397,225	3,751,441,869
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refundings	105,253	705,667	810,920
Deferred pension balances	45,190,269	13,002,134	58,192,403
Deferred other post-employment benefit balances	5,761,766	2,473,540	8,235,306
Total deferred outflows of resources	51,057,288	16,181,341	67,238,629
LIABILITIES:			
Accounts payable	14,362,540	11,729,411	26,091,951
Retainage payable	1,006,285	565,673	1,571,958
Deposits	644,451	13,949,899	14,594,350
Accrued interest	148,783	-	148,783
Due to other governments	-	-	-
Other liabilities	592,634	-	592,634
Unearned revenue	28,286,751	-	28,286,751
Payable from restricted assets:			
Accounts payable	10,742,321	7,347,696	18,090,017
Retainage payable	7,682,661	8,645,790	16,328,451
Accrued interest	3,312,798	9,798,959	13,111,757
Noncurrent liabilities:			
Noncurrent liabilities due within one year	48,690,061	70,758,399	119,448,460
Noncurrent liabilities due in more than one year	658,955,896	1,225,005,123	1,883,961,019
Total liabilities	774,425,181	1,347,800,950	2,122,226,131
DEFERRED INFLOWS OF RESOURCES:			
Deferred lease revenues	1,100,921	2,322,158	3,423,079
Deferred gain on refundings	-	1,088,681	1,088,681
Deferred pension balances	2,337,982	1,086,515	3,424,497
Deferred other post-employment benefit balances	9,093,321	3,956,246	13,049,567
Total deferred inflows of resources	12,532,224	8,453,600	20,985,824
NET POSITION:			
Net investment in capital assets	444,564,361	884,537,640	1,329,102,001
Restricted for:			
Debt service	-	20,951,942	20,951,942
Parks and recreation	13,058,718	-	13,058,718
Capital acquisition	26,006,443	99,043,846	125,050,289
Other grants and purposes	5,780,039	-	5,780,039
Unrestricted	12,734,966	168,790,588	181,525,554
Total net position	$ 502,144,527	$ 1,173,324,016	$ 1,675,468,543

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit II

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	57,475,453	8,485,270	5,217,373	19,979,135
Public safety	112,543,358	6,189,289	6,734,855	432,423
Public works	27,466,868	527,218	-	14,844,393
Parks and recreation	29,842,466	8,286,101	1,090,261	-
Interest expense	12,698,504	-	-	-
Total governmental activities	240,026,649	23,487,878	13,042,489	35,255,951
Business-type activities:				
Electric system	286,616,552	271,665,456	-	-
Water system	34,825,913	56,737,921	-	11,506,809
Wastewater system	46,815,012	46,691,611	-	24,441,933
Solid waste	41,283,128	40,606,704	-	-
Airport	2,680,904	1,896,686	-	-
Total business-type activities	412,221,509	417,598,378	-	35,948,742
Total primary government	652,248,158	441,086,256	13,042,489	71,204,693

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit II**
STATEMENT OF ACTIVITIES (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Functions/Programs	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	(23,793,675)	-	(23,793,675)
Public safety	(99,186,791)	-	(99,186,791)
Public works	(12,095,257)	-	(12,095,257)
Parks and recreation	(20,466,104)	-	(20,466,104)
Interest expense	(12,698,504)	-	(12,698,504)
Total governmental activities	(168,240,331)	-	(168,240,331)
Business-type activities:			
Electric system	-	(14,951,096)	(14,951,096)
Water system	-	33,418,817	33,418,817
Wastewater system	-	24,318,532	24,318,532
Solid waste	-	(676,424)	(676,424)
Airport	-	(784,218)	(784,218)
Total business-type activities	-	41,325,611	41,325,611
Total primary government	(168,240,331)	41,325,611	(126,914,720)
General revenues:			
Taxes:			
Property tax	106,555,772	-	106,555,772
Sales tax	57,074,842	-	57,074,842
Franchise fees	34,985,074	-	34,985,074
Hotel occupancy tax	2,965,129	-	2,965,129
Beverage tax	703,199	-	703,199
Bingo tax	13,628	-	13,628
Investment income	17,015,328	27,497,468	44,512,796
Gain on sale of capital assets	265,262	836,285	1,101,547
Miscellaneous	5,389,536	-	5,389,536
Transfers	(870,190)	870,190	-
Total general revenues and transfers	224,097,580	29,203,943	253,301,523
Change in net position	55,857,249	70,529,554	126,386,803
Net position at beginning of year	446,287,278	1,102,794,462	1,549,081,740
Net position at end of year	502,144,527	1,173,324,016	1,675,468,543

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2024

Exhibit III

	General Fund	Debt Service Fund	Capital Projects Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash, cash equivalents and investments, at fair value	$ 38,308,697	$ 1,341,972	$ 298,475,432	$ 6,698,663	$ 48,878,644	$ 393,703,408
Receivables, net of allowances for uncollectibles:						
Taxes	10,871,536	381,996	-	-	317,563	11,571,095
Accrued interest	232,923	8,040	1,788,104	-	291,743	2,320,810
Other	1,879,595	-	-	-	118,810	1,998,405
Interfund receivables	1,316,061	-	-	-	-	1,316,061
Due from other governments	1,283,475	-	2,700,486	-	3,357,675	7,341,636
Total assets	$ 53,892,287	$ 1,732,008	$ 302,964,022	$ 6,698,663	$ 52,964,435	$ 418,251,415
LIABILITIES:						
Accounts payable	8,465,853	-	7,977,748	349,037	1,897,569	18,690,207
Retainage payable	-	-	8,188,946	500,000	-	8,688,946
Interfund payables	-	-	-	-	419,486	419,486
Due to other governments	-	-	-	-	-	-
Other liabilities	592,634	-	-	-	-	592,634
Unearned revenues	-	-	22,400,879	5,849,626	36,246	28,286,751
Total liabilities	9,058,487	-	38,567,573	6,698,663	2,353,301	56,678,024
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	582,734	321,871	-	-	-	904,605
Unavailable revenue - general services	963,478	-	-	-	-	963,478
Unavailable revenue - intergovernmental	1,104,997	-	1,218,463	-	1,752,672	4,076,132
Deferred inflows - leases	105,507	-	-	-	-	105,507
Total deferred inflows of resources	2,756,716	321,871	1,218,463	-	1,752,672	6,049,722
FUND BALANCES:						
Restricted for:						
Debt service	-	1,410,137	-	-	-	1,410,137
Parks and recreation	-	-	51,468,845	-	12,908,754	64,377,599
Streets and drainage projects	-	-	53,806,535	-	11,203,420	65,009,955
Other capital projects	-	-	115,961,534	-	-	115,961,534
Other grants and purposes	-	-	-	-	5,770,039	5,770,039
Committed to:						
Streets	-	-	12,898,320	-	4,390,784	17,289,104
Parks and recreation	-	-	60,000	-	190,698	250,698
Other purposes	-	-	44,753	-	16,135,872	16,180,625
Assigned to:						
Streets and drainage projects	-	-	21,860,247	-	-	21,860,247
Capital projects	-	-	7,077,752	-	-	7,077,752
Other purposes	-	-	-	-	850	850
Unassigned	42,077,084	-	-	-	(1,741,955)	40,335,129
Total fund balances	42,077,084	1,410,137	263,177,986	-	48,858,462	355,523,669
Total liabilities, deferred inflows of resources and fund balances	$ 53,892,287	$ 1,732,008	$ 302,964,022	$ 6,698,663	$ 52,964,435	$ 418,251,415

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit IV**
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2024

Total fund balances - governmental funds (Exhibit III)			**$ 355,523,669**
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Includes capital assets of internal service funds.			**786,807,451**
Certain receivables will be collected next year but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.			**5,944,215**
Deferred outflows of resources are not reported in the governmental funds. Includes deferred outflows of internal service funds:			
Deferred loss on refundings	**$**	**105,253**	
Deferred pension balances		**45,190,269**	
Deferred other post-employment benefits contributions		**5,761,766**	**51,057,288**
An internal charge to business-type activities is not recorded at the fund level.			**1,565,023**
Several internal service funds are used by the City's management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets, liabilities, deferred outflows, and deferred inflows of the internal service funds are included with governmental activities. Internal service fund balances not included in other reconciling items listed above or below:			
Current and other assets	**$**	**54,240,241**	
Liabilities		**(38,660,675)**	
Deferred inflows		**(995,414)**	**14,584,152**
Long-term balances, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Includes balances of internal service funds. Long-term liabilities and related balances at year-end consist of:			
General obligation bonds payable	**$**	**(328,400,000)**	
Certificates of obligation payable		**(193,855,000)**	
Bond (premiums)/discounts		**(38,270,941)**	
Accrued interest on the bonds		**(3,461,581)**	
Capital leases payable		**(173,686)**	
Right-to-use liability		**(5,277,849)**	
Net Pension liability		**(78,842,512)**	
Total other post-employment benefits liability		**(34,172,930)**	
Compensated absences		**(19,451,469)**	**(701,905,968)**
Deferred inflows of resources are not reported in the governmental funds. Includes deferred outflows of internal service funds:			
Deferred pension balances and			
Deferred other post-employment benefits contributions			**(11,431,303)**
Total net position of governmental activities (Exhibit I)			**$ 502,144,527**

The notes to the basic financial statements are an integral part of this exhibit.

CITY OF DENTON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit V

	General Fund	Debt Service Fund	Capital Projects Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	$ 123,923,215	$ 38,233,693	$ -	$ -	$ 5,215,138	$ 167,372,046
Licenses and permits	5,561,811	-	-	-	-	5,561,811
Franchise fees	17,534,987	-	-	-	17,450,087	34,985,074
Fines and forfeitures	2,525,000	-	-	-	221,442	2,746,442
Fees for services	12,420,160	-	-	-	3,327,647	15,747,807
Investment revenue	3,567,702	1,049,496	9,557,449	-	2,840,681	17,015,328
Intergovernmental	3,530,952	-	18,840,139	4,504,038	5,000,314	31,875,443
Miscellaneous	304,245	-	449,845	-	4,635,446	5,389,536
Total revenues	169,368,072	39,283,189	28,847,433	4,504,038	38,690,755	280,693,487
EXPENDITURES:						
Current:						
General government	36,294,711	-	310,806	3,205,130	5,424,868	45,235,515
Public safety	104,756,752	-	-	199,841	4,518,671	109,475,264
Public works	3,614,951	-	154,297	-	10,669,534	14,438,782
Parks and recreation	24,836,184	-	1,201,307	-	367,095	26,404,586
Capital outlay	661,455	-	97,407,107	1,099,067	2,931,146	102,098,775
Debt service:						
Principal retirement	-	24,920,000	-	-	-	24,920,000
Bond refunding	-	64,381	-	-	-	64,381
Bond issuance costs	-	14,245	856,657	-	-	870,902
Interest and other charges	-	14,835,244	93,858	-	-	14,929,102
Total expenditures	170,164,053	39,833,870	100,024,032	4,504,038	23,911,314	338,437,307
Excess (deficiency) of revenues over (under) expenditures	(795,981)	(550,681)	(71,176,599)	-	14,779,441	(57,743,820)
OTHER FINANCING SOURCES (USES):						
Refunding bonds issued	-	3,100,000	-	-	-	3,100,000
Payment to refunded bond agent	-	(3,430,365)	-	-	-	(3,430,365)
Issuance of long-term debt	-	-	145,220,000	-	-	145,220,000
Premium on debt issuance	-	346,001	12,167,151	-	-	12,513,152
Proceeds from sale of capital assets	384,737	-		-	-	384,737
Transfers in	-	806,779	16,127,067	-	2,438,368	19,372,214
Transfers out	(2,140,604)	-	(4,196)	-	(15,036,630)	(17,181,430)
Total other financing sources (uses)	(1,755,867)	822,415	173,510,022	-	(12,598,262)	159,978,308
Net change in fund balances	(2,551,848)	271,734	102,333,423	-	2,181,179	102,234,488
Fund balances at beginning of year - as previously stated	44,600,382	1,138,403	160,844,563	-	46,705,833	253,289,181
Fund balance at beginning of year -Recreation Fund[1]	28,550	-	-	-	(28,550)	-
Fund balance at beginning of year, as restated	44,628,932	1,138,403	160,844,563	-	46,677,283	253,289,181
Fund balances at end of year	$ 42,077,084	$ 1,410,137	$ 263,177,986	$ -	$ 48,858,462	$ 355,523,669

[1]Recreation Fund was absorbed into the General Fund this year

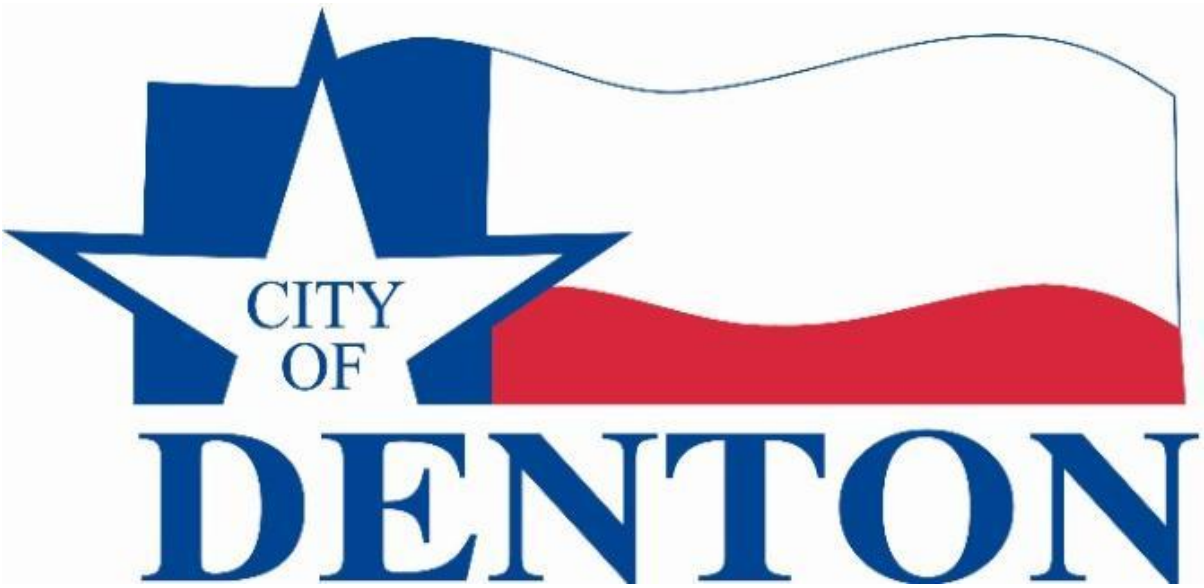
The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit VI

Net change in fund balances - total governmental funds (Exhibit V)	**$ 102,234,488**
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the difference between capital outlay of $102,098,775 and depreciation of $29,622,696 (which is the net of overall governmental activities depreciation of $34,487,513 less internal service fund depreciation of $4,864,817).	**72,476,079**
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Such amounts are recorded in the funds when considered available.	**1,502,097**
The net effect of various miscellaneous transactions involving capital assets (i.e., SBITA, leases, sales, trade-ins and donations) is to decrease net position.	**8,638,311**
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded payments.	**(119,945,000)**
Fund-level financials report costs related to bonds as expenditures; however, these are deferred and amortized on the government-wide financials.	**(8,914,962)**
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	**1,065,671**
Internal service funds are used by management to charge the costs of certain activities, such as insurance and technology services, to individual funds. A portion of the net revenue (expense) of certain internal service funds is reported with governmental activities. The amount reported with business-type activities is ($2,601,057).	**(1,199,435)**
Change in net position of governmental activities (Exhibit II)	**$ 55,857,249**

The notes to the basic financial statements are an integral part of this statement.


CITY
OF
DENTON

CITY OF DENTON, TEXAS **Exhibit VII**
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 128,113,195	$ 122,967,902	$ 123,923,215	$ -	$ 123,923,215	$ 955,313
Licenses and permits	7,934,673	7,934,673	5,561,811	-	5,561,811	(2,372,862)
Franchise fees	20,376,234	20,376,234	17,534,987	-	17,534,987	(2,841,247)
Fines and forfeitures	1,893,586	1,893,586	2,525,000	-	2,525,000	631,414
Fees for services	12,029,257	12,029,257	12,420,160	-	12,420,160	390,903
Investment revenue	1,857,809	1,857,809	3,567,702	-	3,567,702	1,709,893
Intergovernmental	4,551,825	4,551,825	3,530,952	-	3,530,952	(1,020,873)
Miscellaneous	118,249	118,249	304,245	-	304,245	185,996
Total revenues	176,874,828	171,729,535	169,368,072	-	169,368,072	(2,361,463)
EXPENDITURES:						
Current:						
General government	43,004,463	42,805,851	36,294,711	6,764,905	43,059,616	(253,765)
Public safety	93,905,341	93,933,241	104,756,752	(6,100,014)	98,656,738	(4,723,497)
Public works	3,255,072	3,255,072	3,614,951	(421,498)	3,193,453	61,619
Parks and recreation	24,038,778	23,978,403	24,836,184	(1,154,939)	23,681,245	297,158
Capital outlay	601,967	602,865	661,455	-	661,455	(58,590)
Total expenditures	164,805,621	164,575,432	170,164,053	(911,546)	169,252,507	(4,677,075)
Excess (deficiency) of revenues over (under) expenditures	12,069,207	7,154,103	(795,981)	911,546	115,565	(7,038,538)
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	352,719	352,719	384,737	-	384,737	32,018
Transfer in	16,987,310	16,987,310	-	16,903,268	16,903,268	(84,042)
Transfers out	(24,263,943)	(24,494,132)	(2,140,604)	(17,687,800)	(19,828,404)	4,665,728
Total other financing sources (uses)	(6,923,914)	(7,154,103)	(1,755,867)	(784,532)	(2,540,399)	4,613,704
Net change in fund balance	5,145,293	-	(2,551,848)	127,014	(2,424,834)	(2,424,834)
Fund balance, beginning of year	44,600,382	44,600,382	44,600,382	-	44,600,382	-
Recreation Fund, beginning of year [1]	28,550	28,550	28,550	-	28,550	-
Fund balances at beginning of year, as restated	44,628,932	44,628,932	44,628,932	-	44,628,932	-
Fund balance at end of year	$ 49,774,225	$ 44,628,932	$ 42,077,084	$ 127,014	$ 42,204,098	$ (2,424,834)

[1]Recreation Fund was absorbed into the General Fund this year
Adjustments - Budgetary Basis are expenditures allocated to and reimbursed by other funds. These expenditures are recorded in the other funds' financials.

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2024

Exhibit VIII

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
ASSETS:			
Current assets:			
Cash, cash equivalents and investments, at fair value	$ 90,936,462	$ 59,351,364	$ 32,948,794
Receivables, net of allowances:			
Accounts	13,256,708	2,819,775	2,199,205
Unbilled utility service	13,483,950	3,126,488	2,286,659
Accrued interest	544,781	355,561	197,389
Other	5,451,395	-	-
Interfund receivables	19,376,746	1,616,254	510,425
Merchandise inventory	-	-	-
Prepaid items	19,872,126	-	-
Other Assets	2,088,510	-	-
Total current assets	165,010,678	67,269,442	38,142,472
Noncurrent assets:			
Restricted assets:			
Cash, cash equivalents and investments, at fair value	107,923,340	108,923,902	115,634,818
Escrow deposit	-	-	-
Accrued interest	646,546	652,540	692,744
Other receivables	-	-	-
Total restricted assets	108,569,886	109,576,442	116,327,562
Unamortized debt issuance costs - insurance	441,330	-	-
Other Assets	132,506,283	-	-
Lease assets, net of accumulated amortization	-	-	-
Right-to-use assets, net of accumulated amortization	4,558,430	267,918	-
Capital assets, net of accumulated depreciation	762,407,922	448,391,805	415,003,157
Total noncurrent assets	1,008,483,851	558,236,165	531,330,719
Total assets	1,173,494,529	625,505,607	569,473,191
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charges on refunding	271,818	403,439	-
Deferred pension balances	6,631,958	2,108,094	1,677,990
Deferred other post employment benefit balances	919,595	451,972	465,760
Total deferred outflows of resources	7,823,371	2,963,505	2,143,750
LIABILITIES:			
Current liabilities:			
Accounts payable	8,325,511	1,155,129	1,175,262
Retainage payable	-	298,694	266,979
Claims payable	-	-	-
Compensated absences payable	1,599,004	475,244	354,334
Deposits	11,914,392	718,072	662,412
Accrued interest	-	-	-
Interfund payables	-	-	-
Payable from restricted assets:			
Accounts payable	3,379,692	1,784,898	1,699,733
Retainage payable	4,044,286	2,808,686	1,734,954
Accrued interest	7,433,381	1,056,278	1,047,500
Certificate, general obligation, and revenue bonds	45,450,940	11,061,328	7,273,165
Total current liabilities paid from restricted assets	60,308,299	16,711,190	11,755,352
Total current liabilities	82,147,206	19,358,329	14,214,339

(continued on the following page)

CITY OF DENTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2024

Exhibit VIII

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
ASSETS:				
Current assets:				
Cash, cash equivalents and investments, at fair value	$ 14,699,005	$ 3,138,609	$ 201,074,234	$ 16,607,246
Receivables, net of allowances:				
Accounts	1,588,035	62,139	19,925,862	-
Unbilled utility service	2,507,493	-	21,404,590	-
Accrued interest	88,059	18,803	1,204,593	96,018
Other	677,862	-	6,129,257	1,870,255
Interfund receivables	-	-	21,503,425	-
Merchandise inventory	-	-	-	22,949,284
Prepaid items	-	-	19,872,126	11,180
Other Assets	-	-	2,088,510	-
Total current assets	19,560,454	3,219,551	293,202,597	41,533,983
Noncurrent assets:				
Restricted assets:				
Cash, cash equivalents and investments, at fair value	36,998,300	1,028,957	370,509,317	12,388,044
Escrow deposit	-	-	-	244,000
Accrued interest	221,649	6,164	2,219,643	74,214
Other receivables	-	112,343	112,343	-
Total restricted assets	37,219,949	1,147,464	372,841,303	12,706,258
Unamortized debt issuance costs - insurance	-	-	441,330	-
Other Assets	-	-	132,506,283	-
Lease assets, net of accumulated amortization	-	-	-	169,226
Right-to-use assets, net of accumulated amortization	130,967	-	4,957,315	4,268,924
Capital assets, net of accumulated depreciation	64,058,901	21,151,635	1,711,013,420	19,438,725
Total noncurrent assets	101,409,817	22,299,099	2,221,759,651	36,583,133
Total assets	120,970,271	25,518,650	2,514,962,248	78,117,116
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charges on refunding	30,410	-	705,667	-
Deferred pension balances	2,359,488	224,604	13,002,134	7,566,195
Deferred other post employment benefit balances	606,921	29,292	2,473,540	1,307,152
Total deferred outflows of resources	2,996,819	253,896	16,181,341	8,873,347
LIABILITIES:				
Current liabilities:				
Accounts payable	1,025,658	47,851	11,729,411	5,645,922
Retainage payable	-	-	565,673	-
Claims payable	-	-	-	4,228,182
Compensated absences payable	555,938	52,088	3,036,608	1,421,759
Deposits	639,953	15,070	13,949,899	644,451
Accrued interest	-	-	-	148,783
Interfund payables	-	-	-	22,400,000
Payable from restricted assets:				
Accounts payable	410,317	73,056	7,347,696	768,732
Retainage payable	57,864	-	8,645,790	-
Accrued interest	261,800	-	9,798,959	-
Certificate, general obligation, and revenue bonds	3,936,358	-	67,721,791	1,341,610
Total current liabilities paid from restricted assets	4,666,339	73,056	93,514,236	2,110,342
Total current liabilities	6,887,888	188,065	122,795,827	36,599,439

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2024

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
Noncurrent liabilities:			
General obligation bonds payable	$ 76,714,453	$ 22,380,512	$ 9,832,740
Certificates of obligation	400,087,874	124,971,951	144,900,541
Revenue bonds payable	332,696,530	-	-
Notes payable	7,500,000	-	-
Compensated absences payable	389,287	59,880	45,447
Claims and judgement payable	-	-	-
Lease liability	-	-	-
Right-to-use liability	4,573,691	50,871	-
Net pension liability	16,283,496	4,839,683	4,558,347
Total other post-employment benefits liability	5,870,254	2,836,694	3,132,848
Landfill closure/postclosure costs	-	-	-
Total noncurrent liabilities	844,115,585	155,139,591	162,469,923
Total liabilities	926,262,791	174,497,920	176,684,262
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows - leases	1,659,988	-	-
Deferred charges on refundings	649,826	190,939	163,167
Deferred pension balances	508,429	180,074	150,307
Deferred other post employment benefit balances	1,472,841	747,584	705,701
Total deferred inflows of resources	4,291,084	1,118,597	1,019,175
NET POSITION:			
Net investment in capital assets	157,944,324	336,365,598	326,607,209
Restricted for debt service	20,951,942	-	-
Restricted for capital acquisition	-	58,889,512	39,119,213
Unrestricted	71,867,759	57,597,485	28,187,082
Total net position	$ 250,764,025	$ 452,852,595	$ 393,913,504

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION (concluded)
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	
Noncurrent liabilities:				
General obligation bonds payable	$ 6,149,188	$ -	$ 115,076,893	$ -
Certificates of obligation	33,651,971	-	703,612,337	19,009,218
Revenue bonds payable	-	-	332,696,530	-
Notes payable	-	-	7,500,000	-
Compensated absences payable	143,448	5,285	643,347	240,294
Claims and judgement payable	-	-	-	4,973,388
Lease liability	-	-	-	173,686
Right-to-use liability	114,740	-	4,739,302	3,664,244
Net pension liability	5,744,481	538,432	31,964,439	16,451,516
Total other post-employment benefits liability	3,593,334	193,820	15,626,950	7,357,821
Landfill closure/postclosure costs	13,145,325	-	13,145,325	-
Total noncurrent liabilities	62,542,487	737,537	1,225,005,123	51,870,167
Total liabilities	69,430,375	925,602	1,347,800,950	88,469,606
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows - leases	662,170	-	2,322,158	995,414
Deferred charges on refundings	84,749	-	1,088,681	-
Deferred pension balances	232,931	14,774	1,086,515	549,152
Deferred other post employment benefit balances	980,200	49,920	3,956,246	2,027,385
Total deferred inflows of resources	1,960,050	64,694	8,453,600	3,571,951
NET POSITION:				
Net investment in capital assets	41,506,809	22,113,700	884,537,640	11,307,429
Restricted for debt service	-	-	20,951,942	-
Restricted for capital acquisition	-	1,035,121	99,043,846	-
Unrestricted	11,069,856	1,633,429	170,355,611	(16,358,523)
Total net position	$ 52,576,665	$ 24,782,250	$ 1,174,889,039	$ (5,051,094)
Adjustment to reflect inclusion of internal service fund activities related to enterprise funds.			(1,565,023)	
Net position of business-type activities (Exhibit I)			$ 1,173,324,016	

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit IX

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
OPERATING REVENUES:			
Utility services	$ 263,629,766	$ 45,485,157	$ 37,996,934
Charges for goods and services	-	-	-
Other fees	8,035,690	955,989	1,891,035
Miscellaneous	-	-	-
Total operating revenues	271,665,456	46,441,146	39,887,969
OPERATING EXPENSES:			
Operating expenses before depreciation and amortization	238,238,259	30,373,623	29,913,518
Depreciation and amortization	27,980,264	11,188,005	12,335,931
Total operating expenses	266,218,523	41,561,628	42,249,449
Operating income (loss)	5,446,933	4,879,518	(2,361,480)
NON-OPERATING REVENUES (EXPENSES):			
Investment revenue	10,728,548	7,217,657	6,216,182
Interest expense and fiscal charges	(23,665,323)	(3,815,926)	(4,107,063)
Impact fee revenue	-	10,296,775	6,803,642
Gain on disposal of capital assets	(334,161)	125,422	710,863
Gas well revenues	-	-	-
Other non-operating revenues (expenses)	4,803,171	11,028,603	4,400
Total non-operating revenues (expenses)	(8,467,765)	24,852,531	9,628,024
Income (loss) before contributions and transfers	(3,020,832)	29,732,049	7,266,544
CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	-	11,506,809	24,441,933
Transfers in	-	820,456	1,370,213
Transfers out	(911,330)	(254,640)	(179,030)
Total contributions and transfers	(911,330)	12,072,625	25,633,116
Change in net position	(3,932,162)	41,804,674	32,899,660
Net position at beginning of year	254,696,187	411,047,921	361,013,844
Total net position at end of year	$ 250,764,025	$ 452,852,595	$ 393,913,504

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION (concluded)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit IX

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	
OPERATING REVENUES:				
Utility services	$ 40,219,651	$ 1,646,941	$ 388,978,449	$ -
Charges for goods and services	-	-	-	123,525,883
Other fees	387,053	-	11,269,767	-
Miscellaneous	-	10,390	10,390	4,355,060
Total operating revenues	40,606,704	1,657,331	400,258,606	127,880,943
OPERATING EXPENSES:				
Operating expenses before depreciation and amortization	32,818,728	1,552,819	332,896,947	124,584,401
Depreciation and amortization	6,860,941	1,112,503	59,477,644	4,864,817
Total operating expenses	39,679,669	2,665,322	392,374,591	129,449,218
Operating income (loss)	927,035	(1,007,991)	7,884,015	(1,568,275)
NON-OPERATING REVENUES (EXPENSES):				
Investment revenue	2,829,537	505,544	27,497,468	1,408,977
Interest expense and fiscal charges	(1,275,305)	-	(32,863,617)	(583,549)
Impact fee revenue	-	-	17,100,417	-
Gain on disposal of capital assets	19,589	-	521,713	27,377
Gas well revenues	-	239,355	239,355	-
Other non-operating revenues (expenses)	96,154	-	15,932,328	(34,784)
Total non-operating revenues (expenses)	1,669,975	744,899	28,427,664	818,021
Income (loss) before contributions and transfers	2,597,010	(263,092)	36,311,679	(750,254)
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions	-	-	35,948,742	10,736
Transfers in	1,077,370	-	3,268,039	12,000
Transfers out	(235,000)	(817,849)	(2,397,849)	(3,072,974)
Total contributions and transfers	842,370	(817,849)	36,818,932	(3,050,238)
Change in net position	3,439,380	(1,080,941)	73,130,611	(3,800,492)
Net position at beginning of year	49,137,285	25,863,191	1,101,758,428	(1,250,602)
Total net position at end of year	$ 52,576,665	$ 24,782,250	$ 1,174,889,039	$ (5,051,094)

Change in fund net position of proprietary funds	73,130,611
Adjustment to reflect inclusion of internal service fund activities related to enterprise funds.	(2,601,057)
Change in net position of business-type activities (Exhibit II)	$ 70,529,554

The notes to the basic financial statements are an integral part of this statement. (concluded)

CITY OF DENTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit X

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 272,521,836	$ 47,828,645	$ 39,268,041
Cash paid to employees for services	(24,641,764)	(10,873,872)	(9,406,867)
Cash paid to suppliers	(161,394,320)	(24,033,382)	(21,322,528)
Net cash provided (used) by operating activities	86,485,752	12,921,391	8,538,646
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out	(911,330)	(254,640)	(179,030)
Transfers in	-	820,456	1,370,213
Proceeds from issuance of non-capital debt	31,395,000	-	-
Principal payments on non-capital debt	(7,400,000)	-	-
Interest and fiscal charges on non-capital debt	(412,400)	-	-
Net cash provided (used) by noncapital financing activities:	22,671,270	565,816	1,191,183
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance of debt	87,111,107	64,719,683	59,392,795
Principal payments on capital debt	(54,415,000)	(11,970,000)	(7,430,000)
Principal payments under capital lease obligation	-	-	-
Interest and fiscal charges	(27,788,466)	(4,426,029)	(4,719,575)
Acquisition of lease assets	-	-	-
Lease liability	-	-	-
Acquisition of Right-to-use assets	(1,290,814)	82,988	-
Proceeds from gas wells	-	-	-
Proceeds from impact fees	-	10,296,775	6,803,642
Proceeds from lease financing	-	-	-
Proceeds from capital contributions and transfers in	-	-	-
Proceeds from sale or reimbursement of capital assets	193,314	163,763	714,290
Acquisition and construction of capital assets	(58,589,898)	(44,068,517)	(42,755,312)
Net cash provided (used) by capital financing activities	(54,779,757)	14,798,663	12,005,840
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale and maturities of investment securities	70,577,144	89,546,706	79,284,860
Purchase of investment securities	(87,787,286)	(87,787,286)	(76,138,342)
Interest received on investments	9,065,124	5,776,769	5,940,690
Proceeds from ownership investment	2,103,171	-	-
Net cash provided (used) by investing activities	(6,041,847)	7,536,189	9,087,208
Net increase (decrease) in cash and cash equivalents	48,335,418	35,822,059	30,822,877
Cash and cash equivalents at beginning of year	31,575,573	31,798,721	28,884,834
Cash and cash equivalents at end of year	79,910,991	67,620,780	59,707,711
Investments, at fair value (Note IV.A.)	118,948,811	100,654,486	88,875,901
Cash, cash equivalents and investments, at fair value	$ 198,859,802	$ 168,275,266	$ 148,583,612
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 5,446,933	$ 4,879,518	$ (2,361,480)
Adjustments:			
Depreciation and amortization expense	27,980,264	11,188,005	12,335,931
Decrease (Increase) in receivables	2,372,519	1,158,427	(456,404)
Decrease (Increase) in interfund receivables	(4,794,132)	229,072	(163,524)
Decrease (Increase) in inventories	-	-	-
Decrease (Increase) in customer deposits	2,929,871	-	-
Decrease (Increase) in prepaid items	42,980,544	-	-
Decrease (Increase) in other assets	7,665,246	-	-
Increase in escrow deposits	-	-	-
Increase (Decrease) in accounts payable	1,622,912	(3,730,472)	333,848
Decrease in unearned revenue	-	-	-
Increase (Decrease) in compensated absences payable	106,489	32,434	(8,474)
Increase (Decrease) in net municipal pension balances	(335,047)	(565,710)	(828,348)
Increase (Decrease) in other post-employment benefit balances	162,031	(269,883)	(312,903)
Increase (Decrease) in closure/postclosure liability	-	-	-
Increase (Decrease) in interfund payables	-	-	-
Increase (Decrease) in lease deferred inflows	348,122	-	-
Total adjustments	81,038,819	8,041,873	10,900,126
Net cash provided (used) by operating activities	$ 86,485,752	$ 12,921,391	$ 8,538,646
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:			
Decrease in fair value of investments	1,264,586	1,161,919	1,040,550
Increase (Decrease) in equity due to non-cash transfers	-	-	-
Capital asset contributions	-	11,506,809	24,441,933
Right-to-use assets acquired through lease and SBITA Liabilities	3,130,792	101,706	-

The notes to the basic financial statements are an integral part of this statement.

(continued on the following page)

CITY OF DENTON, TEXAS
STATEMENT OF CASH FLOWS (concluded)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit X

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 40,209,991	$ 1,685,369	$ 401,513,882	$ 127,545,881
Cash paid to employees for services	(14,815,719)	(847,531)	(60,585,753)	(29,097,272)
Cash paid to suppliers	(17,725,200)	(645,017)	(225,120,447)	(91,971,799)
Net cash provided (used) by operating activities	7,669,072	192,821	115,807,682	6,476,810
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	(235,000)	(817,849)	(2,397,849)	(3,072,974)
Transfers in	1,077,370	-	3,268,039	12,000
Proceeds from issuance of non-capital debt		-	31,395,000	-
Principal payments on non-capital debt		-	(7,400,000)	-
Interest and fiscal charges on non-capital debt		-	(412,400)	-
Net cash provided (used) by noncapital financing activities:	842,370	(817,849)	24,452,790	(3,060,974)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from issuance of debt	7,357,088	-	218,580,673	(1,006,986)
Principal payments on capital debt	(6,053,980)	-	(79,868,980)	10,804,191
Principal payments under capital lease obligation	-	-	-	(4,594,075)
Interest and fiscal charges	(1,824,734)	-	(38,758,804)	158,054
Acquisition of lease assets	-	-	-	-
Lease liability	-	-	-	1,825
Acquisition of Right-to-use assets	(16,227)	-	(1,224,053)	2,056,262
Proceeds from gas wells	-	239,355	239,355	-
Proceeds from impact fees	-	-	17,100,417	-
Proceeds from lease financing	-	-	-	(1,825)
Proceeds from capital contributions and transfers in	-	-	-	10,737
Proceeds from sale or reimbursement of capital assets	270,969	-	1,342,336	29,540
Acquisition and construction of capital assets	(10,220,421)	(2,391,240)	(158,025,388)	(4,676,702)
Net cash provided (used) by capital financing activities	(10,487,305)	(2,151,885)	(40,614,444)	2,781,021
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale and maturities of investment securities	40,895,699	5,234,080	285,538,489	14,787,169
Purchase of investment securities	(32,606,506)	(2,758,683)	(287,078,103)	(15,598,197)
Interest received on investments	2,282,440	439,814	23,504,837	1,190,371
Proceeds from ownership investment	-	-	2,103,171	-
Net cash provided (used) by investing activities	10,571,633	2,915,211	24,068,394	379,343
Net increase (decrease) in cash and cash equivalents	8,595,770	138,298	123,714,422	6,576,200
Cash and cash equivalents at beginning of year	12,178,578	1,536,421	105,974,127	5,422,209
Cash and cash equivalents at end of year	20,774,348	1,674,719	229,688,549	11,998,409
Investments, at fair value (Note IV.A.)	30,922,957	2,492,847	341,895,002	16,996,881
Cash, cash equivalents and investments, at fair value	$ 51,697,305	$ 4,167,566	$ 571,583,551	$ 28,995,290
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ 927,035	$ (1,007,991)	$ 7,884,015	$ (1,568,275)
Adjustments:				
Depreciation and amortization expense	6,860,941	1,112,503	59,477,644	4,864,817
Decrease (Increase) in receivables	(435,620)	28,038	2,666,960	(332,243)
Decrease (Increase) in interfund receivables	186,192	-	(4,542,392)	-
Decrease (Increase) in inventories	-	-	-	(4,953,791)
Decrease (Increase) in customer deposits	66,594	-	2,996,465	-
Decrease (Increase) in prepaid items	-	-	42,980,544	(8,118)
Decrease (Increase) in other assets	-	-	7,665,246	-
Increase in escrow deposits	-	-	-	(40,000)
Increase (Decrease) in accounts payable	113,107	78,610	(1,581,995)	497,576
Decrease in unearned revenue	-	-	-	-
Increase (Decrease) in compensated absences payable	6,426	(14,700)	122,175	375,540
Increase (Decrease) in net municipal pension balances	(1,167,918)	(9,736)	(2,906,759)	1,743,923
Increase (Decrease) in other post-employment benefit balances	59,415	6,097	(355,243)	1,091,568
Increase (Decrease) in closure/postclosure liability	1,080,587	-	1,080,587	-
Increase (Decrease) in interfund payables	-	-	-	4,903,166
Increase (Decrease) in lease deferred inflows	(27,687)	-	320,435	(97,353)
Total adjustments	6,742,037	1,200,812	107,923,667	8,045,085
Net cash provided (used) by operating activities	$ 7,669,072	$ 192,821	$ 115,807,682	$ 6,476,810
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:				
Decrease in fair value of investments	400,526	42,316	3,909,897	190,099
Increase (Decrease) in equity due to non-cash transfers	-	-	-	-
Capital asset contributions	-	-	35,948,742	10,736
Right-to-use assets acquired through lease and SBITA Liabilities	145,340	-	3,377,838	1,055,519

The notes to the basic financial statements are an integral part of this statement.

(concluded)

CITY OF DENTON, TEXAS **Exhibit XI**
STATEMENT OF FIDUCIARY NET POSITION
TOURISM PUBLIC IMPROVEMENT DIST. FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Tourism Public Improvement District Fund
ASSETS	
Cash, cash equivalents and investments at fair value	**$ 59,024**
Receivables:	
Accounts receivable	**354**
Total assets	**59,378**
LIABILITIES	
Total liabilities	**-**
NET POSITION	
Restricted for:	
Other Organizations and Governments	**59,378**
Total net position	**$ 59,378**

Exhibit XII

CITY OF DENTON, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TOURISM PUBLIC IMPROVEMENT DIST. FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Tourism Public Improvement District Fund
ADDITIONS	
Tax revenue	$ 59,245
Investment income	133
Total additions	59,378
DEDUCTIONS	
Total deductions	-
Net increase (decrease) in fiduciary net position	59,378
Net position, beginning	-
Net position, ending	$ 59,378

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Denton is a municipal corporation governed by an elected seven-member council consisting of a mayor elected at large and six councilpersons, four representing specific geographical districts and two elected at large. The City receives funding from state and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity," as defined in pronouncements by the Governmental Accounting Standards Board (GASB), as council members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

The financial statements of the City have been prepared to conform to accounting principles generally accepted (GAAP) in the United States of America as applicable to state and local governments. Generally accepted accounting principles for local governments include principles prescribed by GASB, the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

An elected seven-member council consisting of a mayor and six councilpersons governs the City. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units, which are entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and so data from these units are combined with data from the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City. The City had no component units, discretely presented or blended, at September 30, 2024.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The reporting focus is either the City as a whole (government-wide financial statements) or major individual funds (within the fund financial statements). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (public safety, public works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) grants and contributions that are restricted to meeting operational requirements of a particular function or segment; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise fees, interest income, etc.).

Separate fund financial statements are provided for governmental funds and proprietary funds. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category and for the governmental and enterprise funds combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements.

Internal service funds, which traditionally provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statements. The financial statements of internal service funds are allocated (based on the percentage of goods or services provided) between the governmental and business-type activities when presented at the government-wide level.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund-level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized and susceptible to accrual as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Any amounts collected beyond the 60 days are recorded as deferred inflows of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid general operating costs, fixed charges and capital improvement costs that are not paid through other funds.

The debt service fund accounts for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt, paid primarily by taxes levied by the City. On a budgetary basis, the debt service fund also accounts for pass-through debt service payments from the self-supporting proprietary funds.

The capital projects fund accounts for financial resources used for the acquisition or construction of capital other than those recorded in the enterprise funds and internal service funds.

The ARPA fund accounts for the federal resources received by the City from the American Rescue Plan Act of 2021 and used for the programs as outlined by the plan.

Other governmental funds are a summarization of all of the non-major governmental funds.

The City reports the following major proprietary funds:

The City utility system is made up of three separate funds as follows:

The electric fund accounts for electrical utility services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The water fund accounts for water utility services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The wastewater fund accounts for sewer and storm water services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The City provides additional services through the following funds:

The solid waste fund accounts for the provision of solid waste services to the residents of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The airport fund accounts for the airport services to the public and is funded through operational and gas well revenues. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, and finance.

The City additionally reports the following funds:

Internal service funds are used to account for the financing of materials and services provided by one department of the City to other departments of the City on a cost-reimbursement basis.

The materials management fund accounts for the financing of the goods and services of the purchasing department as well as the management and inventory of the City warehouse activities.

The fleet services fund accounts for the financing of goods and services provided by the activities of the City garage and machine shop to other departments.

The health insurance fund accounts for the accumulation of resources for the self-insurance activities of the City for employee medical insurance as well as other employee insurance benefits including long-term disability, short-term disability, and dental and vision insurances.

The risk retention fund accounts for the accumulation of resources for the payment of activities associated with providing general liability insurance coverage and self-funded activities for City departments.

The technology services fund accounts for financing and management of technology equipment, software, and services such as programming, support, training, maintenance, and office services to City departments.

The engineering services fund accounts for providing engineering, real estate, public works inspection, and development review services primarily to City departments although some services are provided to and paid by external entities.

The customer service fund accounts for providing customer service activities to residents and businesses for City departments. Services include bill pay, utility service requests, connect/disconnect services, maintenance of customer accounts, utility billing, operator calls, collections, accounts receivable, and cash handling.

The facilities fund accounts for the maintenance of all city-owned facilities and vertical construction projects.

The environmental services fund accounts for the consolidated environmental-related services provided across the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's electric, water, wastewater, solid waste, and airport funds are charges to customers for services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgetary Information

The City Council follows these procedures, as prescribed by City Charter, in establishing the budgets reflected in the financial statements:

1. Within the time period required by law, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted prior to the adoption of the budget to obtain taxpayer comments.
3. The annual budget adopted by the City Council covers the general fund, non-major special revenue funds (Police Confiscation Fund, Tourist and Convention Fund, Gas Well Revenues Fund, Street Improvement Fund, and the Citizens' Park Trusts), the debt service fund, the enterprise funds, and internal service funds. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year. The basic financial statements reflect the legal level of control, (i.e. the level at which expenditures cannot legally exceed the appropriated amount) which is established at the total fund level as approved by City Council.
4. The City Charter provides for the City Manager to transfer any part of the unencumbered appropriation balance or the entire balance thereof between programs or general classifications of expenditures within an office, department, agency, or organizational unit. (The City Council defines an organizational unit as set forth in Article VIII, Section 8.07 of the City Charter, to be a fund that has been appropriated by the City Council.) City Council approval is not required up to the fund level. The Charter also provides that at any time during the year, at the request of the City Manager, City Council may by resolution transfer any part of the unencumbered appropriation balance or the entire balance thereof from one office, department, agency, or organizational unit to another, as well as make any increases in fund appropriations.

Budgets are adopted on a basis for the governmental funds and the budgeted special revenue funds which are generally consistent with generally accepted accounting principles. Budgets for enterprise funds are prepared on the full accrual basis, except certain noncash transactions such as depreciation expense and amortization on debt issuance costs where it is not budgeted, and debt service payments where it is budgeted. Also, during the budgetary process, amounts are included in all fund budgets to recognize administrative transfers between funds for goods or services. These amounts are not included in the reporting of actual activity for the funds. For funds reporting required budget-to-actual comparisons, these administrative transfers are included as adjustments – budgetary basis.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (i.e., purchase orders

and contracts). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated against the subsequent year's budget, reducing the available appropriations for additional expenditures.

E. Assets, Liabilities and Net Position or Equity

1. Cash, cash equivalents and investments

The City's cash and cash equivalents are cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are carried at fair value, except for the position in local government investment pools. Fair value is determined as the price at which two willing parties would complete an exchange.

The City uses a pooled cash and investment fund to hold and account for all the City's investments. For financial reporting purposes, the investment balances in the pooled fund are allocated back to the individual funds based on their respective share of the pooled total. Interest earned on investments is also allocated back and recorded directly to the individual funds monthly.

2. Receivables

Outstanding balances between funds are reported as "interfund receivables/payables." Any residual balances between governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

Trade, property tax receivables, and municipal court receivables are shown net of an allowance for uncollectible accounts. The City accrues amounts for utility services provided in September, but not billed by September 30, 2024.

3. Inventories

Inventories of supplies are maintained at the City warehouse for use by all City funds and are accounted for by the consumption method. Cost is determined using a moving average method. No inventories exist in the governmental fund types.

4. Prepaid items

Certain costs applicable to future accounting periods are recorded as prepaid items. Most of these balances are due to payments into an account for energy settlements in the Electric Fund and health claims in the Employee Insurance Fund.

5. Other Assets

Certain costs applicable to future accounting periods are recorded as other assets. In a prior fiscal year, the City impaired its TMPA prepaid purchase power due to a permanent closure in generation and subsequent sale of the plant. The impaired amount was recorded as an Other Asset (regulatory) that will be fully amortized in FY 2025. See note IV.F. for more information on Other Assets and V.E. Agreement with TMPA for further information regarding TMPA.

6. Restricted assets

Certain proceeds of the City's governmental and proprietary fund general obligation bonds and certificates of obligation, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Assets collected from impact fees are limited by state statute in use and shown as restricted on the balance sheet of the Water and Wastewater funds.

7. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. The City

defines capital assets as assets with an initial, individual cost of more than $15,000 and an estimated useful life more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	40
Infrastructure	20 – 40
General improvements	10
Machinery and equipment	10 – 20
Furniture and office equipment	10
Computer equipment/software	3 – 10
Plant and equipment	5
Underground pipe	40
Water storage rights	50 – 100
Water recreation rights	50
Communication equipment	5
Vehicles	3 – 10
Leases	1 – 100
Subscription-based IT agreement	1 – 5

Renewals and betterments of property and equipment are capitalized, whereas normal repair and maintenance are charged to expense as incurred.

8. Compensated absences

The City allows full-time employees to accumulate unused vacation time without a maximum balance. Upon termination, accumulated vacation time up to 320 hours (480 for civil service fire employees) will be paid to an employee. Generally, sick leave is not paid upon termination except for civil service fire fighters and police officers. Firefighters and police officers accumulate unused sick leave for payout up to a maximum of 1080 hours and 720 hours, respectively. All other employees are paid only upon illness or other valid sick leave uses while employed by the City. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements but have not been paid this amount at the end of the fiscal year. The General Fund and Other Governmental Funds are used to record any payout expenditures of the governmental funds' employees and related liability, while proprietary fund payouts for their employees are recorded as reductions to the liabilities in those funds.

9. Arbitrage

Arbitrage involves the investment of the proceeds from the sale of tax-exempt bonds in taxable instruments and securities authorized by the Public Funds Investment Act (Texas Government Code, Chapter 2256) that yield a higher rate, resulting in interest revenue in excess of interest costs. Federal tax code requires that these excess earnings be rebated to the federal government. The Capital Projects Fund has been used in prior years to liquidate governmental funds' related liability. A liability was recorded at September 30, 2024 in the amount of $93,858 for positive arbitrage payments related to the 2019 bond issuance.

10. Pensions

For purposes of measuring the net pension liability, pension-related deferred outflows and inflows of resources, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and the Firemen's Relief and Retirement Fund (FRRF) and additions to/deductions from TMRS's and the FRRF's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and the FRRF. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other post-employment benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefit Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year rather than prefunding. Benefit payments are treated as being equal to the City's yearly contribution for retirees. For purposes of measuring the total SDBF OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total SDBF liability and additions to/deductions from the City's total SDBF liability have been determined on the same basis as they are reported by TMRS. The SDBF expense and deferred (inflows)/outflows of resources related to SDBF, primarily result from changes in the components of the total SDBF liability. Most changes in the total SDBF liability will be included in SDBF expense in the period of the change. For example, changes in the total SDBF liability resulting from current-period service cost, interest on the Total OPEB Liability, and changes of benefit terms are required to be included in SDBF expense immediately. Changes in the total SDBF liability that have not been included in SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to SDBF.

The City provides post-employment medical care (Medical OPEB) for retired employees through a single employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses, and their dependents through the City's group health insurance plans. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree healthcare costs are higher than active employee healthcare costs. By the City not contributing anything toward the plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. The City also contributes up to $200 per month, based on years of service, toward the cost of retiree coverage. As an irrevocable trust has not been established, the plan is not accounted for as a trust fund. For this purpose, plan contributions are recognized in the period that the direct and indirect subsidies are paid by the City. Total OPEB liability, OPEB-related deferred outflows, and inflows of resources, and OPEB expense is based on the actuarial measurement dates.

12. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gain/loss on refunding are reported as deferred outflow/inflow and recognized as a component of interest expense over the remaining life of the old debt or life of the new debt, whichever is shorter.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. Fund equity

The City follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and in accordance with the statement, the classifications of governmental fund balances are presented as follows:

*Nonspendable fund balance*s – include amounts not in a spendable form or are legally or contractually required to be maintained intact. Examples include inventory or endowments.

Restricted fund balance – include amounts that can be spent only for the specific purposes stipulated by external resource providers, creditors, grantors, and contributors or through enabling legislation.

Committed fund balance – include amounts that can be used only for the specific purposes determined by the City Council through an ordinance and may only be changed or lifted through another ordinance. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned fund balance - comprise amounts intended to be used for specific purposes. Intent can be expressed by the City Council, or per the policy adopted by an ordinance by the City Council, the City Manager or the City Manager's designee (assistant city manager) may also make an assignment. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed and, at a minimum, is intended for the purpose of that fund.

Unassigned fund balance – is the residual classification of the general fund and includes all amounts not constrained in the other classifications. Unassigned amounts are technically available for any purpose. The General Fund is the only fund to report a positive unassigned fund balance amount. However, other governmental funds may report a negative unassigned fund balance as necessary if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned for those purposes.

When multiple categories of fund balance are available for expenditure and approved for use by the City Council, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds. Normally this would result in the use of restricted, then committed, then assigned, and lastly, unassigned fund balance.

14. Minimum fund balance policy

It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to 20% of budgeted expenditures. An additional 5% resiliency reserve (25% combined total) may be maintained to safeguard against unusual financial circumstances or economic downturns.

15. Net position

Net position represents the difference between assets, deferred inflows, deferred outflows, and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

16. Deferred outflows and inflows of resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and will not be

recognized as an outflow of resources, either expenses or expenditures, until that time. The City reports the following items qualifying for this category:

- Deferred loss on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.
- Deferred pension actuarial losses reported in the statement of net position – A deferred charge is recorded for the difference between actual experience and expected experience during the period between two actuarial valuations and is amortized over future periods.
- Deferred pension and other postemployment benefit plan contributions reported in the statement of net position – A deferred charge is recorded for pension contribution amounts paid by the City after the current year's measurement date (December 2023) and will be fully recognized as a reduction of the respective liability in the next period on the next measurement date (December 2024).
- Deferred pension and other postemployment benefit plan actuarial assumption changes – A deferred charge is recorded for the difference due to assumption changes and amortized over future periods.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources, or revenues, until that time. The City reports the following items qualifying for reporting in this category:

- Deferred gain on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.
- Deferred pension excess earnings reported in the statement of net position – A deferred charge is recorded for the difference between actual investment earnings and expected investment earnings during the period and is amortized over future periods.
- Deferred pension and other postemployment benefit plan actuarial gains reported in the statement of net position – A deferred charge is recorded for the difference between actual experience and expected experience during the period between two actuarial valuations and is amortized over future periods.
- Deferred pension and other postemployment benefit plan actuarial assumption changes – A deferred charge is recorded for the difference due to assumption changes and amortized over future periods.
- Deferred amounts related to leases are reported for leases in which the City is the lessor – A deferred amount recorded to initially offset the total lease receivable recorded at lease commencement and is subsequently amortized as lease revenue over the life of the lease term.
- Deferred unavailable revenues reported on the balance sheet of the governmental funds – A deferred amount is recorded for the billed revenues not yet collected or available. These amounts are deferred and recognized as inflow of resources in the period the amounts become available.

17. Leases

A lease is defined as a contract conveying control of the right to use another entity's nonfinancial asset as specified in the contract for a period of greater than one year, in an exchange or exchange-like transaction.

City as lessee

The City is currently a lessee for noncancelable leases of land, buildings, equipment, or other assets. The City recognized a lease liability and an intangible right-to-use leased asset (lease asset) in the Government-wide and Proprietary Fund financial statements. Reporting includes lease assets with

depreciable capital assets and lease liabilities with long-term liabilities. At the commencement of a lease, the City measured the lease liability at the present value of payments expected to be made over the course of the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the remaining lease term. Variable lease payments based on usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which obligations are incurred.

Key estimates and judgments related to leases in which the City would be a lessee are as follows:

- The lease term includes the noncancelable period of the lease. Extension options are included in the lease term unless it is reasonably certain that they will not be exercised.
- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- Leases with payments depending on an index or rate, such as the Consumer Price Index or market rate, are initially measured using the index or rate as of the commencement of the lease term.
- Leases with periodic percentage payment increases or flat rate payment increases specified in the lease terms are included in the measurement of the lease liability.

The City monitors changes in circumstances requiring remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

City as lessor

The City is a lessor for noncancelable leases of land, buildings, and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the Government-wide, Governmental, and Proprietary Fund financial statements. At the commencement of a lease, the City measures the lease receivable at the present value of payments expected to be received over the life of the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the lease term.

Key estimates and judgements related to leases in which the City is a lessor are as follows:

- The lease term includes the noncancelable period of the lease. Extension options are included in the lease term unless it is reasonably certain that they will not be exercised.
- The City uses its incremental borrowing rate as the discount rate for leases.
- Leases with payments depending on an index or rate, such as the Consumer Price Index or market rate, are initially measured using the index or rate as of the commencement of the lease term.
- Leases with periodic percentage payment increases or flat rate payment increases specified in the lease terms are included in the measurement of the lease receivable.

The City monitors changes in circumstances requiring a remeasurement of its leases and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivables.

18. Subscription-Based Information Technology Agreements (SBITA)

GASB 96 defines a SBITA as a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period in an exchange or exchange-like transaction. The City recognizes a subscription liability and an intangible subscription right-of-use asset at the beginning of the subscription term if they have a term exceeding one year and the cumulative future payments on the contract exceed

$100,000 unless the contract is considered a short-term SBITA. A SBITA asset is measured based on the net present value of subscription payments expected to be made during the subscription term, using the incremental borrowing rate, and is amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT assets. Remeasurement of a subscription liability occurs when there is a change in the contract term and/or other changes that are likely to have a significant impact on the subscription liability.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

An element of that reconciliation states, "Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded payments." The details of this ($119,945,000) difference are as shown on the following page:

Debt issued or incurred:	
Issuance of general obligation debt	$ (85,380,000)
Issuance of certificates of obligation	(62,940,000)
Principal repayments:	
General obligation debt principal retirement	14,985,000
Certificates of obligation principal retirement	9,935,000
Refunded debt principal	3,455,000
Net adjustment to decrease net changes in fund balances - total governemental funds to arrive at changes in net position of governmental activities	$ (119,945,000)

Another element of that reconciliation states, "The net effect of various miscellaneous transactions involving capital assets (i.e., subscription-based IT agreements, leases, sales, trade-ins and donations) is to decrease net position." The details of this $8,638,312 difference are as follows:

Net effect of transactions involving asset retirements/disposals	$	(5,725,166)
Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources		14,363,478
Net adjustment to increase net changes in fund balances - total governmental funds	$	8,638,312

Another element of that reconciliation states, "Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the $1,065,671 difference are as follows:

Change in:			
Net pension liability		$	14,285,109
Municipal pension - Deferred			
Contributions	1,914,583		
Economic differences	2,685,845		
Assumption changes	(2,314,226)		
Actuarial gain/loss	(11,720,386)		
Total Municipal pension - Deferred			(9,434,184)
OPEB liability			(2,496,559)
OPEB - Deferred			
Contributions	(72,817)		
Economic differences	(246,461)		
Assumption changes	2,007,097		
Total OPEB - Deferred			1,687,819
Compensated absences			(1,758,268)
Accrued interest			(1,218,246)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities		$	1,065,671

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equity

The Materials Management, Risk Retention, Engineering Services, Customer Service, Facilities and Environmental Services internal service funds had deficit net positions of ($106,377), ($4,362,791), ($2,894,224), ($1,919,461), ($158,102) and (2,924,107), respectively, due to the implementation of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27"* and GASB Statement No.75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"(OPEB)* which resulted in an increase in the net pension liability and the total OPEB liability in the prior years during implementation.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

In order to facilitate effective cash management practices, the operating cash of all funds is pooled into a common account for the purpose of increasing income through combined investment activities. At year-end, the City had $396,992,872 in cash and cash equivalents of which $8,400 is in petty cash.

The Public Funds Investment Act (Texas Government Code) authorizes the City to invest in obligations of the U.S. Treasury, U.S. agencies, fully collateralized repurchase agreements, public fund investment pools, SEC-registered no-load money market mutual funds, municipal securities of any state rated A or better, certificates of deposit (fully collateralized, insured, and standby letters of credit backed), and commercial paper rated not less than A-1 or P-1 with a stated maturity of no more than 365 days. The City's investment policy may further restrict those investment options. The investments reported on September 30, 2024 were similar to those held during the fiscal year.

The City reports all investments in the financial statements at fair value. At September 30, 2024, the City's investments carried a fair value of $987,071,134 of which $396,421,400 was in a local governmental investment pool which the City classifies in the financial statements as cash equivalents, resulting in $590,649,734 of investment balances reported in the financial statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application establishes an authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input significant to the entire measurement.

At September 30, 2024, the City had the following recurring fair value investments:

		Fair Value Measurement Method			
	9/30/2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments Measured at Amortization Cost:					
TexSTAR - Investment Pool	$ 239,542,609	$ -	$ -	24.27%	1
TexPool - Investment Pool	156,878,791	-	-	15.89%	1
Investments by Fair Value Level:					
Debt Securities:					
U.S. Treasury Securities	262,482,480	-	262,482,480	26.59%	402
U.S. Treasury Securities - Discount	4,917,885	-	4,917,885	0.50%	135
U.S. Agency Securities	214,715,673	-	214,715,673	21.75%	418
U.S. Agency Securities - Callable	39,867,850	-	39,867,850	4.04%	224
Commercial Paper	64,054,655	-	64,054,655	6.49%	99
Municipal Bonds - Coupon	4,611,191	-	4,611,191	0.47%	730
Total Investments	987,071,134	-	590,649,734		
Total Cash and Investments	$ 987,071,134	$ -	$ 590,649,734		
Portfolio Weighted Average Maturity					218

Of the investments recorded at fair value, the U.S. treasuries, the U.S. agency securities, commercial paper, and municipal bonds are valued based upon observable inputs, including but not limited to, model prices for similar assets, benchmark yield curves, and matrix pricing.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values due to interest rate fluctuations by limiting the weighted average maturity of its investment portfolio to less than twenty-four months.

Credit risk. The City's investment policy limits investments to obligations of the United States of America and its agencies, investment quality obligations of the State of Texas (including agencies, municipalities, counties, and other political subdivisions) with a rating not less than AA, certificates of deposits and savings deposits (fully insured, collateralized, or standby letter of credit backed), fully collateralized repurchase agreements, local public fund investment pools with a dollar weighted average maturity of 60 days or less, U.S. government money market mutual funds with a dollar weighted average maturity of 60 days or less and a stable net asset value of $1 for each share, and commercial paper that has a maturity of 270 days or less and a minimum rating of A-1, P-1, or an equivalent rating by at least two nationally recognized rating agencies. The City's investments in TexSTAR and TexPool were rated "AAAm" by Standard & Poor's, the highest rating a local government investment pool can achieve.

Custodial credit risk. This is the risk that in the event of a bank or counterparty failure, the City's deposits may not be returned. The policy states that all bank deposits of City funds shall be secured by pledged collateral with a market value equal to no less than 102 percent of the principal plus accrued interest less an amount insured by FDIC. As of September 30, 2024, the bank balance for deposits was $6,585,971 and was fully collateralized by the City's third-party custodian, BNY Mellon.

Concentration of Credit Risk. The City's investment policy minimizes the risk of potential loss by diversifying investment types according to the following limitations based on value: U.S. Treasury bills/notes/bonds (100%), U.S. Agencies and Instrumentalities (100%), State of Texas Obligations – including agencies and local governments (15%), local government investment pools (50% in government securities and 15% in prime securities), repurchase agreements (20%), certificates of deposit (35%), savings

deposits (15%), U.S. Money Market Mutual Funds (50%), callable U.S. Agencies and Instrumentalities (20%), and commercial paper (20%).

Local Government Investment Pools. During the year, the City invested in two public fund investment pools, TexSTAR and TexPool. The fair value of the position of TexSTAR is measured at net asset value, and the fair value of the position of TexPool is measured at amortized cost. Each pool's governing body is composed of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds, which may be redeemed daily. As the redemption period is only one day or less, the City classifies these balances in the financials as cash equivalent. The pools may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, a general banking moratorium, or a national state of emergency affecting the pool's liquidity. The City has no unfunded commitments related to the investment pool.

Cash, cash equivalents and investments, at fair value are reported together on the financial statements. Investments, at fair value, by fund were as follows:

	General Fund	Debt Service	Capital Projects	Other Governmental Funds
Unrestricted investments	$ 23,120,583	$ 798,024	$ 177,493,078	$ 29,024,714
Change in fair value	135,633	4,681	1,041,235	170,268
Restricted investments	-	-	-	-
Change in fair value	-	-	-	-
Total	$ 23,256,216	$ 802,705	$ 178,534,313	$ 29,194,982

	Electric	Water	Wastewater	Solid Waste
Unrestricted investments	$ 54,076,787	$ 35,294,156	$ 19,593,515	$ 8,740,993
Change in fair value	317,233	207,048	114,942	51,278
Restricted investments	64,178,299	64,773,300	68,764,051	22,001,617
Change in fair value	376,492	379,982	403,393	129,069
Total	$ 118,948,811	$ 100,654,486	$ 88,875,901	$ 30,922,957

	Airport	Internal Service Funds	Total City Investments
Unrestricted investments	$ 1,836,236	$ 9,531,008	$ 359,509,094
Change in fair value	10,772	55,913	2,109,003
Restricted investments	611,885	7,366,744	227,695,896
Change in fair value	3,590	43,215	1,335,741
Total	$ 2,462,483	$ 16,996,880	$ 590,649,734

B. Property Tax Revenue

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on October 1st and are due and payable at that time; therefore, the legally enforceable claim arises on October 1st. A receivable is recorded at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year.

Property taxes at the fund level are recorded as receivables and revenue in the period they become available. Current-year revenues recognized are those Ad valorem taxes collected within the current period or soon enough thereafter to pay current liabilities, which are sixty days after year-end. All other outstanding receivables are adjusted from revenue and recognized as deferred inflows of resources for future collections. Current tax collections for the year ended September 30, 2024 were 99.54% of the tax levy. An allowance is provided for delinquent taxes not expected to be collected in the future.

At September 30, 2024, the City had a tax rate of $0.560682 per $100 valuation. Based upon the maximum Ad valorem tax of $2.50 per $100 valuation imposed by Texas Constitutional law, the City had a tax rate margin of $1.939318. Additional revenues up to $367,993,247 could be raised per year based on the current year's certified assessed value of $18,975,394,789 before the limit is reached.

On December 7, 2010, the City Council approved a Tax Increment Financing Reinvestment Zone (TIRZ #1) for the purpose of dedicating the increase in tax revenues generated within the TIRZ district for development in the downtown area of the City for a total of 30 years. The tax increment to be paid is 100% of the increment in years 1-5, 95% in years 6-10, 90% in years 11-20, and 85% in years 21-30. In fiscal year 2024, the total assessed value of $261,202,019 after supplemental adjustments for TIRZ #1 was an increase of $181,845,165 over the base fiscal year 2011 assessed value and resulted in $917,616 of property tax revenue recorded in the TIRZ Fund as part of All Other Special Revenue Funds.

On December 18, 2012, the City Council approved a Tax Increment Financing Reinvestment Zone (TIRZ #2) for the purpose of dedicating 40% of the increase in tax revenues generated within the TIRZ district for development in the Westpark Industrial District for a total of 25 years. In fiscal year 2023, the assessed value of $394,162,688 after supplemental adjustments was an increase of $394,043,230 over the base fiscal year 2014 assessed value and resulted in $883,732 of property tax revenue recorded in the TIRZ Fund as part of All Other Special Revenue Funds. Denton County participates in the zone and based on their tax rate and a participation contribution of 40% of the County’s tax rate, $298,661 of property tax revenue was generated for Fiscal Year 2024.

The City created the Rayzor Ranch Public Improvement District No. 1 in 2014 for the undertaking and financing of public improvements authorized by Chapter 372 of the Texas Local Government Code. The project is located on the City’s northern sector, east of Interstate 35, and encompasses approximately 229.693 contiguous acres. The estimated costs of the proposed public improvements total $40 million. The authorized improvement costs will be apportioned 100% to the District. The method of assessment will impose equal shares of the costs of the proposed public improvements on parcels that are similarly benefited. No City property will be assessed, and the City will not be obligated to pay any assessments.

C. Receivables

Receivables at September 30, 2024 for the City's individual major funds and other funds (non-major funds, internal service funds and fiduciary funds), including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Capital Projects	ARPA	Other Governmental Funds	Electric
Receivables:						
Taxes	$ 11,393,530	$ 600,237	$ -	$ -	$ 317,563	$ -
Accounts	696,001	-	-	-	104,401	14,373,463
Accrued interest	232,923	8,040	1,788,104	-	291,743	1,191,327
Unbilled utility service	-	-	-	-	-	13,483,950
Lease	107,286	-	-	-	-	1,658,664
Other	14,704,104	-	-	-	14,409	3,792,731
Gross receivables	27,133,844	608,277	1,788,104	-	728,116	34,500,135
Less: Allowance for uncollectibles	(14,149,790)	(218,241)	-	-	-	(1,116,755)
Net Total receivables	$ 12,984,054	$ 390,036	$ 1,788,104	$ -	$ 728,116	$ 33,383,380

	Water	Wastewater	Solid Waste	Airport	Internal Service Funds	Total
Receivables:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ 12,311,330
Accounts	3,203,843	2,455,956	1,734,105	76,012	824,583	23,468,364
Accrued interest	1,008,101	890,133	309,708	24,967	170,232	5,915,278
Unbilled utility service	3,126,488	2,286,659	2,507,493	-	-	21,404,590
Lease	-	-	677,862	-	1,097,664	3,541,476
Other	-	-	-	112,343	-	18,623,587
Gross receivables	7,338,432	5,632,748	5,229,168	213,322	2,092,479	85,264,625
Less: Allowance for uncollectibles	(384,068)	(256,751)	(146,070)	(13,873)	(51,992)	(16,337,540)
Net Total receivables	$ 6,954,364	$ 5,375,997	$ 5,083,098	$ 199,449	$ 2,040,487	$ 68,927,085

D. Capital Assets

Capital asset balances and transactions for the year ended September 30, 2024 are summarized below and on the following page.

Governmental activities:	Balance at October 1, 2023	Transfers and Increases	Transfers and Decreases	Balance at September 30, 2024
Capital assets not being depreciated/amortized:				
Land	$ 47,478,844	$ 1,865,204	$ -	$ 49,344,048
Construction in progress	322,795,664	111,026,302	(80,423,654)	353,398,312
Total capital assets not being depreciated/amortized	370,274,508	112,891,506	(80,423,654)	402,742,360
Capital assets being depreciated/amortized:				
Buildings	117,059,715	10,073,440	-	127,133,155
Infrastructure	424,838,968	54,779,616	-	479,618,584
Machinery, equipment, and other improvements	166,800,510	18,116,242	(3,531,032)	181,385,720
SBITA assets	12,220,566	1,224,815	(347,197)	13,098,184
Lease Assets	300,845	-	-	300,845
Total capital assets being depreciated/amortized	721,220,604	84,194,113	(3,878,229)	801,536,488
Less accumulated depreciation/amortization for:				
Buildings	39,338,000	3,091,543	-	42,429,543
Infrastructure	232,775,727	17,497,047	-	250,272,774
Machinery, equipment, and other improvements	109,658,155	11,541,984	(3,411,557)	117,788,582
SBITA assets	3,270,121	3,850,744	(271,986)	6,848,879
Lease Assets	56,408	75,211	-	131,619
Total accumulated depreciation/amortization	385,098,411	36,056,529	(3,683,543)	417,471,397
Total capital assets, being depreciated/amortized, net	336,122,193	48,137,584	(194,686)	384,065,091
Governmental activities capital assets, net	$ 706,396,701	$ 161,029,090	$ (80,618,340)	$ 786,807,451

(continued)

Business-type activities:	Balance at October 1, 2023	Increases	Transfers and Decreases	Balance at September 30, 2024
Capital assets not being depreciated/amortized:				
Land	$ 88,226,800	$ 1,696,252	$ -	$ 89,923,052
Construction in progress	309,904,210	181,633,299	(101,647,908)	389,889,601
Total capital assets not being depreciated/amortized	398,131,010	183,329,551	(101,647,908)	479,812,653
Capital assets being depreciated/amortized:				
Buildings	40,347,903	-	-	40,347,903
Landfill improvements	32,709,996	-	(159,231)	32,550,765
Water rights	69,883,098	-	-	69,883,098
Infrastructure	736,306,364	99,075,929	-	835,382,293
Plant, machinery, equipment, and other improvements	917,463,358	24,360,103	(5,571,296)	936,252,165
SBITA assets	4,000,312	3,441,130	(63,292)	7,378,150
Total capital assets being depreciated/amortized	1,800,711,031	126,877,162	(5,793,819)	1,921,794,374
Less accumulated depreciation/amortization for:				
Buildings	13,674,345	1,082,663	-	14,757,008
Landfill improvements	30,351,975	1,499,041	-	31,851,016
Water rights	23,926,236	697,896	-	24,624,132
Infrastructure	247,430,787	20,966,977	-	268,397,764
Plant, machinery, equipment, and other improvements	314,617,270	33,715,581	(4,747,314)	343,585,537
SBITA assets	968,645	1,515,486	(63,296)	2,420,835
Total accumulated depreciation/amortization	630,969,258	59,477,644	(4,810,610)	685,636,292
Total capital assets, being depreciated/amortized, net	1,169,741,773	67,399,518	(983,209)	1,236,158,082
Business-type activities capital assets, net	$ 1,567,872,783	$ 250,729,069	$ (102,631,118)	$ 1,715,970,735

Depreciation and amortization expense was charged to activities of funds/functions/programs as follows:

Governmental activities:	
General government	$ 12,642,081
Public Safety	5,787,097
Public Works	9,376,767
Parks & Recreation	3,385,767
Capital assets held by the internal service funds are charged to the various functions based upon usage	4,864,817
Total amortization and depreciation expense - governmental activities	$ 36,056,529
Business-type activities:	
Electric	$ 27,980,264
Water	11,188,005
Wastewater	12,335,931
Solid Waste	6,860,941
Airport	1,112,503
Total amortization and depreciation expense - business-type activities	$ 59,477,644

Construction commitments:

The City has several major construction/capital projects planned or in progress as of September 30, 2024. These projects are evidenced by contractual commitments with contractors and include:

Project	Spent-to-Date	Remaining Commitment
2019 Street Reconstruction	$ 68,298,403	$ 23,926,955
Bonnie Brae	32,321,663	16,501,824
Denton West Upgrade	9,155,807	8,103,203
Fire Station 9	12,952,828	1,670,441
FY22/23 Transformers	5,995,751	2,716,260
Hickory Creek Road	27,382,731	20,980,906
Hickory Substation Reconstruct	50,249,404	1,878,547
Mayhill at DCTA Bridge	20,781,846	2,648,027
NW BPS & Trans Line	17,330,583	453,862
NW Transmission Line	15,255,225	304,023
Police Station	69,664,227	66,577
RTR- McKinney	17,246,415	329,395
Solids Handling Improvements	15,542,605	662,441
TxDOT I-35N Wastewater Line Relocation	25,801,215	582
TxDOT I-35N Water Line Relocation	20,342,454	3,860,483
	$ 408,321,157	$ 84,103,526

E. Interfund Receivables, Payables and Transfers

A summary of interfund receivables and payables (in thousands) at September 30, 2024, is as follows:

	Interfund Receivables:				
	Governmental Major Funds	Business-Type Major Funds			
Interfund Payables:	General Fund	Electric	Water	Wastewater	Total
Non-Major Governmental Funds	$ 419	$ -	$ -	$ -	$ 419
Internal Service Funds	897	19,377	1,616	510	22,400
Total	$ 1,316	$ 19,377	$ 1,616	$ 510	$ 22,819

The most significant interfund receivables and payables include the following:

Interfund receivables	Interfund payables	Amount
Electric fund	Internal service funds-materials management	$ 19,377,000
Water fund	Internal service funds-materials management	1,616,000
General fund	Internal service funds-materials management	897,000
Wastewater fund	Internal service funds-materials management	510,000
General fund	Non-Major Governmental Funds	419,000
	Total:	$ 22,819,000

The outstanding balances between the Electric, Water, Wastewater, and General Fund related to the Materials Management Fund are a result of the cash position in the Materials Management Fund due to inventory purchases. The outstanding balance between the General Fund and the Non-Major Governmental Funds is due to reimbursement timing from outside sources.

Transfers between funds (in thousands) during the year were as follows:

	Transfers Out:									
	Governmental Major Funds			Business-Type Major Funds						
Transfers In:	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Electric Fund	Water Fund	Wastewater Fund	Solid Waste	Airport Fund	Internal Service Funds	Total
Governmental Major Funds:										
General Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt Service Fund	-	-	-	-	-	-	-	807	-	807
Capital Projects Fund	1,051	-	15,032	-	-	-	-	-	45	16,127
Non-Major Governmental Funds	1,078	4	-	911	255	179	-	11	-	2,438
Water Fund	-	-	-	-	-	-	-	-	820	820
Wastewater Fund	-	-	-	-	-	-	235	-	1,135	1,370
Solid Waste Fund	-	-	5	-	-	-	-	-	1,072	1,077
Internal Service Funds	12	-	-	-	-	-	-	-	-	12
Government-wide	-	-	-	-	-	-	-	-	-	-
Total	$ 2,141	$ 4	$ 15,037	$ 911	$ 255	$ 179	$ 235	$ 818	$ 3,073	$ 22,652

The most significant transfers include the following:

Transfers from fund	Transfers to fund	Amount
Non-Major Gov't – Street Improvement Fund	Capital Projects	$ 13,174,933
Internal Service Funds - Environmental Services	Business-type Major Funds (Water, Wastewater, and Solid Waste)	3,027,974
Other - SRF	Capital Projects	1,781,632
Business-type Major Funds (Electric, Water, and Wastewater)	Non-Major Gov't – Street Improvement Fund	1,345,000
General Fund	Other - SRF	1,078,102
General Fund	Capital Projects	1,050,502
Business-type Major Funds - Airport	Debt Service Fund	806,779
	Total:	$ 22,264,922

Transfers from the Non-Major Governmental Fund – Street Improvement Fund and from the General Fund were to fund capital projects such as streets, building renovations, equipment, and park improvements. Transfers from Internal Service Funds - Environmental Services to Business-type Major Funds (Water, Wastewater, and Solid Waste) are a transfer of employee benefit liabilities for employees moving from the Business-type Major Funds to the newly created Environmental Services fund. Transfers from Other-Special Revenue Funds (SRF) were to fund road capital projects. Transfers from the Business-type Major Funds (Electric, Water, and Wastewater) to the Non-Major Governmental Fund – Street Improvement Fund were for bond savings costs related to the issuance of certificates of obligation, which fund street maintenance operations in the Street Improvements Fund. Transfers from General Fund to Special Revenue Funds were funding for our Ecological Devastation Catalyst Fund, Sustainability Fund, and a matching DUI Phlebotomy Grant. Transfers from Business-type Major Funds – Airport to the Debt Service Fund were to pay for Airport-related debt payments previously paid by property taxes.

F. Other Assets

In March 2010, the City issued Combination Tax & Electric Utility System Revenue Refunding Bonds, Series 2010 with a maturity of 15 years for prepaying certain contractual obligations to TMPA. The principal amount of the bonds was $58,820,000 with a reoffering premium and other bond issuance costs of $3,835,015 for a total of $62,655,015. As the proceeds of this debt issuance were placed with Texas Municipal Power Agency (TMPA) and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of $62,655,015. The City is amortizing the Other Asset over a period of 15 years with a half year convention the first and last years. See footnote V.E. for more information on TMPA.

In August 2014, the City issued General Obligation Refunding Bonds, Series 2014A with a maturity of 10 years for prepaying certain contractual obligations to TMPA. The principal amount of the bonds was $11,570,000 with a reoffering premium and other bond issuance costs of $1,848,651 for a total of $13,418,651. As the proceeds of this debt issuance were placed with TMPA and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of $13,418,651. The City amortized the Other Asset over a period of 10 years through September 2024.

In August 2015, the City issued General Obligation Refunding Bonds, Series 2015A with a maturity of 9 years for prepaying certain contractual obligations to TMPA. The principal amount of the bonds was $2,955,000 with a reoffering premium and other bond issuance costs of $462,133 for a total of $3,417,133. As the proceeds of this debt issuance were placed with TMPA and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of $3,417,133. The City amortized the Other Asset over a period of 9 years through September 2024.

In September 2017, the City impaired 37.9% of these Other Assets, for a total of $26,930,415. This was due to TMPA closing its power generation operations to seasonal activities only. The impaired portion was recorded as a GASB 62 Regulatory Asset in Other Assets to be amortized over the existing timelines originally established, through mid-year of fiscal year 2025.

In June 2019, TMPA notified Electric Reliability Council of Texas (ERCOT) of the plan to move the generation plant, Gibbons Creek, to a status of decommissioned and retired. The official effective date was October 2019. In September 2019, the City impaired the remaining portion of the Other Asset. The remaining impaired portion of the original Other Assets were recorded as a GASB 62 Regulatory Asset in Other Assets to also be amortized over the existing timelines originally established, through mid-year of fiscal year 2025.

In February 2021, the State of Texas experienced unprecedented freezing temperatures that put pressure on the availability of electric power (the “Weather Event”). Due to the high demand for power during this period and the limited availability of the power, the purchase price for power increased dramatically during this period. These energy price increases resulted in utilities, including the Electric Fund of the City of Denton, needing to access financial reserves to make payment to ERCOT for the power purchased necessary to service their customers. Due to the unparalleled dollar amount of the purchased power, the City of Denton issued

$140 million of commercial paper to provide temporary funding for immediate cash flow needs. In September 2021, the City issued $141,990,000 of revenue refunding bonds to convert the outstanding commercial paper principal plus interest to debt to be paid over a period of 30 years. The Electric Fund recorded $140,000,000 of this purchased power expense as a regulatory asset in Other Assets to be amortized over the period of 30 years, starting with fiscal year ending September 30, 2022.

Capitalized Interest-GASB Statement No. 89, "Accounting for Interest Cost incurred before the end of a Construction Period", was implemented in FY 2022 to eliminate interest associated with the construction of capital assets. As these interest costs add to the full capitalized costs associated with the plant and infrastructure assets and provide an economic benefit over a period of years, a regulatory asset was established to continue capitalized interest for the Electric Fund. The regulatory asset recorded an addition of $1,621,039 in FY 2022, $2,007,873 in FY 2023, and $3,163,428 in FY 2024. These amounts will be amortized over the life of related assets to align with the recovery of costs through rates.

To qualify to utilize GASB 62, the following must apply:

- The regulated business-type activity's rate for regulated services provided to its customers are established by or are subject to approval of
- an independent, third-party regulator or by its own governing board empowered by statute or contract to establish rates that bind customers.
- The regulated rates are designed to recover the specific regulated business-type activity's costs of providing the regulated services.

In view of the demand for the regulated services or products and the level of competition, direct and indirect, it is reasonable to assume that rates set at levels that will recover the regulated business-type activity's costs can be charged to and collected from customers. This criterion requires consideration of anticipated changes in levels of demand or competition during the recovery period for any capitalized costs.

The City of Denton qualifies to utilize GASB 62 due to:

- State and local statutes empower the City of Denton City Council to establish retail rates.
- The City of Denton specific costs are recovered through City of Denton retail rates.

Current and projected customer demand support the recovery of City of Denton cost of service.

	Balance at October 1, 2023	Increases	Amortization	Balance at September 30, 2024	Years Remaining
Regulatory Assets:					
2010 TMPA Obligation	$ 6,265,502	$ -	$ 4,176,992	$ 2,088,510	0.5
2014 TMPA Obligation	1,341,865	-	1,341,865	-	0
2015 TMPA Obligation	379,681	-	379,681	-	0
2021 Weather Event	130,784,438	-	4,778,310	126,006,128	27
Capitalized Interest	3,488,553	3,163,428	151,826	6,500,155	5-40
Total Other Assets	$ 142,260,039	$ 3,163,428	$ 10,828,674	$ 134,594,793	

G. Long-term Debt

Long-term liabilities transactions for the year ended September 30, 2024 are summarized as follows below and on the following pages:

	Balance at October 1, 2023	Increases / Transfer	Decreases / Transfers	Balance at September 30, 2024	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 258,005,000	$ 85,380,000	$ 14,985,000	$ 328,400,000	$ 17,045,000
Certificates of obligation	134,630,000	73,270,000	14,045,000	193,855,000	13,840,000
Compensated absences payable	17,358,979	10,464,906	8,372,416	19,451,469	9,631,932
Claims and judgement payable	8,806,267	29,955,087	29,559,784	9,201,570	4,228,182
Net pension liability	93,457,989	-	14,615,477	78,842,512	-
Other post employment benefits	30,188,938	3,983,992	-	34,172,930	-
Leases liability	247,072	-	73,386	173,686	-
Right-to-use liability	8,255,975	-	2,978,126	5,277,849	-
Unamortized premium/(discounts)	28,677,480	13,420,919	3,827,458	38,270,941	3,944,947
Total governmental activities long-term liabilities	$ 579,627,700	$ 216,474,904	$ 88,456,647	$ 707,645,957	$ 48,690,061

	Balance at October 1, 2023	Increases	Decreases / Transfers	Balance at September 30, 2024	Due Within One Year
Business-type Activities:					
Revenue bonds	$ 320,520,000	$ 31,395,000	$ 12,905,000	$ 339,010,000	$ 19,075,000
General obligation bonds	111,900,000	32,250,000	20,080,000	124,070,000	18,450,000
Certificates of obligation	573,285,000	169,520,000	53,550,000	689,255,000	22,380,000
Compensated absences payable	3,557,780	3,156,259	3,034,084	3,679,955	3,036,608
Claims and judgement payable	2,700,000	-	2,700,000	-	-
Net pension liability	44,431,567	-	12,467,128	31,964,439	-
Other post employment benefits	15,025,519	601,431	-	15,626,950	-
Notes payable	7,500,000	-	-	7,500,000	-
Right-to-use liability	2,670,421	2,068,881	-	4,739,302	-
Landfill closure/post-closure	12,064,738	1,080,587	-	13,145,325	-
Unamortized premium/(discounts)	58,873,414	16,085,942	8,186,805	66,772,551	7,816,791
Total business-type activities	1,152,528,439	256,158,100	112,923,017	1,295,763,522	70,758,399
Total long-term liabilities	$ 1,732,156,139	$ 472,633,004	$ 201,379,664	$ 2,003,409,479	$ 119,448,460

For Internal Service funds, long-term liabilities are included as part of the above totals for governmental activities. Compensated absences payables and net pension liability balances and payments are based on the assignment of an employee within a fund. Other postemployment benefits are liquidated from the Health Insurance internal service fund with the retiree subsidy amounts paid predominantly by the General Fund. Claims payable represents an estimate of self-insured claims liability outstanding in the Health Insurance and Risk Retention internal service funds as well as one possible litigation payable in the Electric Fund. Subscription-Based IT Arrangements (SBITA) and Lease liabilities represent GASB 96 and GASB 87 entries, respectively.

General Bonded Debt - General bonded debt at September 30, 2024, is comprised of the following:

General Obligation Bonds and Certificates of Obligation Debt	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Principle Outstanding at September 30, 2024
General obligation refunding	2.0 to 3.5	2014	2034	$ 7,165,000	$ 2,325,000
General obligation refunding	3.0 to 5.0	2015	2035	36,110,000	18,600,000
General obligation refunding	3.0 to 5.0	2016	2036	27,635,000	16,025,000
General obligation refunding	3.0 to 5.0	2017	2037	27,825,000	12,115,000
General obligation	3.0 to 5.0	2018	2038	19,235,000	15,140,000
General obligation refunding	3.0 to 5.0	2019	2039	18,015,000	14,780,000
General obligation refunding	2.0 to 5.0	2020	2040	27,675,000	22,965,000
General obligation refunding	2.0 to 5.0	2020A	2031	1,415,000	1,035,000
General obligation	2.0 to 5.0	2021	2041	54,710,000	49,065,000
General obligation	4.0 to 5.0	2022	2042	57,805,000	52,415,000
General obligation	4.0 to 5.0	2023	2043	40,485,000	38,555,000
General obligation	4.0 to 5.0	2024	2044	85,380,000	85,380,000
Total general obligation bonds				$ 403,455,000	$ 328,400,000
Certificates of obligation	2.0 to 5.0	2014	2034	$ 8,635,000	$ 695,000
Certificates of obligation	2.0 to 5.0	2015	2035	7,420,000	2,070,000
Certificates of obligation	3.0 to 5.0	2016	2036	7,190,000	2,615,000
Certificates of obligation	3.0 to 5.0	2017	2037	17,000,000	7,060,000
Certificates of obligation	3.0 to 5.0	2018	2038	9,555,000	4,635,000
Certificates of obligation	3.375 to 5.0	2018	2038	28,170,000	20,990,000
Certificates of obligation	3.0 to 5.0	2019	2039	9,390,000	3,790,000
Certificates of obligation	2.0 to 5.0	2020	2040	24,020,000	18,815,000
Certificates of obligation	2.0 to 5.0	2021	2041	24,735,000	20,270,000
Certificates of obligation	4.0 to 5.0	2022	2044	12,565,000	10,340,000
Certificates of obligation	4.0 to 5.0	2023	2044	31,160,000	29,305,000
Certificates of obligation	4.0 to 5.0	2024	2044	73,270,000	73,270,000
Total certificates of obligation				253,110,000	193,855,000
Total general bonded debt				$ 656,565,000	$ 522,255,000

[These amounts do not include net unamortized premiums/ (discounts) of $38,270,941 nor net deferred gain/ (loss) on refunding of ($105,253).]

Proceeds of general obligation bonded debt are restricted to the uses for which they were approved in the bond elections or, in the case of a refunding issuance, to the uses for which the certificates of obligation were originally issued. The City Charter expressly prohibits the use of bond proceeds to fund operating expenses. The general obligations are collateralized by the full faith and credit of the City and, primarily, payable from property taxes.

In July 2024, the City issued $117,630,000 ($32,250,000 of which is included as part of business-type activities) in general obligation refunding bonds. Of this amount, $82,280,000 was issued to pay the costs of bond election capital improvements for streets, parks, library, and public safety projects in the Capital Projects fund. The remaining $35,350,000 was issued to refund outstanding debt obligations. The reacquisition price was below the net carrying amount of the old debt by $159,218 ($122,327 of which is reported as a deferred gain in business-type activities). This amount is being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The current refunding was undertaken to reduce total debt service payments over 15 years by $2,195,599 and resulted in a net present value savings of $1,591,885.

In July 2024, the City issued $242,790,000 ($169,520,000 of which is included as part of business-type activities) in certificates of obligation. The debt was issued to pay the costs of various capital improvements

in the Capital Projects Fund ($62,940,000), the Electric Fund ($58,100,000), the Water Fund ($55,675,000), the Wastewater Fund ($51,775,000), the Technology Fund ($7,765,000), the Solid Waste Fund ($3,970,000), and the Fleet Fund ($2,565,000).

In June 2024, the City issued $31,395,000 in utility system bonds, all in the Electric fund. The debt was issued to cover excess purchase power costs.

On September 30, 2024, the City had no general obligation bonds or certificates of obligation considered defeased but still outstanding.

Business-type Revenue Bonds – Revenue bond debt at September 30, 2024, is comprised of the following issues:

Revenue Bonds	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Principle Outstanding at September 30, 2024
Utility system	3.25 to 5.0	2017	2037	$ 214,890,000	$ 172,900,000
Utility system Refunding	0.27 to 2.7	2021	2051	141,990,000	134,715,000
Utility system	5.27	2024	2028	31,395,000	31,395,000
Total revenue bonds				$ 388,275,000	$ 339,010,000

[These amounts do not include net unamortized premiums/ (discounts) of $14,668,491.]

The revenue bonds are collateralized by the revenue of the Denton utility system funds (System) and the related interest and sinking fund. The ordinance provides that the revenue of the System is to be used first to pay operating and maintenance expenses of the System and second to establish and maintain the revenue bond funds. Any remaining revenues may then be used for any lawful purpose. The ordinance also contains provisions, which among other items restrict the issuance of additional revenue bonds unless certain financial ratios are met. Management believes the City is in compliance with all significant requirements. The interest and sinking fund had a net position balance of $20,951,942 as of September 30, 2024 and is restricted for debt service. On September 30, 2024, the City had no revenue bonds considered defeased but still outstanding.

Business-type General Obligation Bonds and Certificates of Obligation – General obligation bonds and certificates of obligation issued for electric, water, wastewater, and solid waste funds at September 30, 2024, is comprised of the following:

General Obligation Bonds and Certificates of Obligation Debt	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Principle Outstanding at September 30, 2024
General obligation refunding	3.0 to 5.0	2014A	2025	$ 27,155,000	$ 1,850,000
General obligation refunding	3.0 to 5.0	2015	2035	1,530,000	260,000
General obligation refunding	4.0 to 5.0	2015A	2026	33,945,000	635,000
General obligation refunding	3.0 to 5.0	2016	2028	1,295,000	515,000
General obligation refunding	3.0 to 5.0	2016A	2030	38,425,000	17,925,000
General obligation refunding	3.0 to 5.0	2019	2039	26,325,000	4,980,000
General obligation refunding	2.0 to 5.0	2020	2040	34,405,000	17,715,000
General obligation refunding	2.0 to 5.0	2020A	2031	12,735,000	9,245,000
General obligation refunding	4.0 to 5.0	2022	2042	13,480,000	8,315,000
General obligation refunding	4.0 to 5.0	2023	2043	32,140,000	30,380,000
General obligation refunding	4.0 to 5.0	2024	2044	32,250,000	32,250,000
Total general obligation bonds				$ 253,685,000	$ 124,070,000
Certificates of obligation	2.0 to 5.0	2014	2044	$ 80,545,000	$ 20,145,000
Certificates of obligation	2.0 to 5.0	2015	2045	85,595,000	63,060,000
Certificates of obligation	3.0 to 5.0	2016	2046	76,115,000	57,055,000
Certificates of obligation	3.0 to 5.0	2017	2047	73,800,000	55,035,000
Certificates of obligation	3.375 to 5.0	2018	2028	1,375,000	620,000
Certificates of obligation	3.0 to 5.0	2019	2049	19,365,000	16,420,000
Certificates of obligation	2.0 to 5.0	2020	2050	34,060,000	30,705,000
Certificates of obligation	2.0 to 5.0	2021	2041	72,300,000	66,425,000
Certificates of obligation	4.0 to 5.0	2022	2044	99,590,000	94,745,000
Certificates of obligation	4.0 to 5.0	2023	2044	117,980,000	115,525,000
Certificates of obligation	4.0 to 5.0	2024	2044	169,520,000	169,520,000
Total certificates of obligation				830,245,000	689,255,000
Total business-type G.O./C.O. bonds				$ 1,083,930,000	$ 813,325,000

[These amounts do not include net unamortized premiums/ (discounts) of $52,104,060 nor net deferred gain/ (loss) on refunding of ($383,014).]

Schedule of Long-term Debt Maturities

Aggregate maturities of the long-term debt (principal and interest) for the years subsequent to September 30, 2024 are shown below:

Governmental Activities:

	General Obligation		Certificates of Obligation		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 17,045,000	$ 13,421,779	$ 13,840,000	$ 8,446,466	$ 30,885,000	$ 21,868,245
2026	17,495,000	12,336,456	13,990,000	7,500,369	31,485,000	19,836,825
2027	17,985,000	11,552,456	13,370,000	6,836,369	31,355,000	18,388,825
2028	17,315,000	10,749,775	12,660,000	6,187,744	29,975,000	16,937,519
2029	16,945,000	9,955,928	11,495,000	5,588,644	28,440,000	15,544,572
2030-2034	93,370,000	38,110,835	54,170,000	20,432,406	147,540,000	58,543,241
2035-2039	90,075,000	19,713,572	45,630,000	9,975,588	135,705,000	29,689,160
2040-2044	58,170,000	4,657,881	28,700,000	2,510,991	86,870,000	7,168,872
2049-2053	-	-	-	-	-	-
Total	$ 328,400,000	$ 120,498,682	$ 193,855,000	$ 67,478,577	$ 522,255,000	$ 187,977,259

Business-Type Activities:

	General Obligation		Certificates of Obligation		Revenue		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 18,450,000	$ 5,629,271	$ 22,380,000	$ 29,157,897	$ 19,075,000	$ 13,352,444	$ 59,905,000	$ 48,139,612
2026	12,190,000	4,782,225	23,930,000	27,428,794	19,830,000	12,594,471	55,950,000	44,805,490
2027	14,465,000	4,153,375	22,275,000	26,320,368	20,695,000	11,736,414	57,435,000	42,210,157
2028	13,745,000	3,484,225	23,000,000	25,188,493	21,635,000	10,795,178	58,380,000	39,467,896
2029	13,265,000	2,842,325	23,730,000	24,020,243	22,630,000	9,798,300	59,625,000	36,660,868
2030-2034	40,715,000	6,593,575	134,700,000	102,033,111	89,350,000	37,142,632	264,765,000	145,769,318
2035-2039	11,240,000	1,472,500	155,945,000	70,740,163	73,550,000	16,790,718	240,735,000	89,003,381
2040-2044	-	-	173,275,000	36,440,325	26,860,000	9,258,337	200,135,000	45,698,662
2045-2049	-	-	70,300,000	13,219,566	31,385,000	4,729,755	101,685,000	17,949,321
2050-2054	-	-	39,720,000	3,230,325	14,000,000	443,618	53,720,000	3,673,943
Total	$ 124,070,000	$ 28,957,496	$ 689,255,000	$ 357,779,285	$ 339,010,000	$ 126,641,867	$ 1,152,335,000	$ 513,378,648

[These amounts do not include net unamortized premiums/ (discounts) of $105,043,492 nor net deferred gain/ (loss) on refunding of ($277,761).]

Bonds Authorized and Unissued

General obligation bonds authorized but unissued as of September 30, 2024 amounted to $257,135,000. When issued, the proceeds will be allocated to the applicable street, drainage, public safety, affordable housing, library, and parks projects.

All bonds were issued publicly through negotiated or competitive terms. There is a direct placement with the $31,395,000 System revenue bond. There is no acceleration of maturity of the bonds in the event of default, and the City has never defaulted on the payment of bonds.

H. Landfill Closure and Post-Closure Cost

State and federal laws and regulations require the City to place a final cover on its Mayhill Road landfill site upon closure and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only upon anticipated closure, the City reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Based on an updated model created by a 2022 engineering study, total landfill closure and post-closure cost as of September 30, 2024 was $56,929,792. The $13,145,325 reported as landfill closure and post-closure care liability as of September 30, 2024 is a $1,080,587 increase from the $12,064,738 liability reported on September 30, 2023. This liability represents the cumulative amount incurred to date based on the use of 23.09% of the estimated capacity of the entire landfill at September 30, 2024. The change in estimated capacity decreased due to the remaining life increasing from updated Permit 1590B approval in August 2021.

Based on this estimate, the remaining potential estimated liability for closure and post-closure care of the entire landfill is $43,784,467. The City will recognize the remaining estimated cost of closure and post-closure care as the remaining capacity is filled. These amounts are based on what it would cost to perform closure and post-closure care in 2024. Actual costs may fluctuate due to inflation, changes in technology, or changes in regulations. The landfill has a remaining life of 32 years, and the City expects to close the landfill in fiscal year 2056.

The solid waste fund has provided for a reservation and designation of cash and investments of $15,528,231 at September 30, 2024 and anticipates increasing the reserve in future periods as the closure and post-closure activities are carried out.

I. Leases

The City is a lessor in various noncancelable leases of land, building, and equipment. During fiscal year 2024, the City recognized $255,461 in lease revenue and $50,602 in interest revenue.

As of September 30, 2024, the City's lease receivable balance of $3,541,475 was comprised of the following:

Governmental Activities	
One building lease with rents received totaling in $16,659 during the fiscal year 2024, at an interest rate of .213%, with a remaining lease term of 7 years	$ 107,285
One equipment lease with rents received totaling in $79,394 during the fiscal year 2024, at an interest rate of .582%, with a remaining lease term of 3 years	239,047
One land leases with rents received totaling $18,186 during the fiscal year 2024, at an interest rate of 1.882% with remaining lease terms of 45 years	858,617
Business-type Activities	
Various land leases with rents received totaling $141,222 during the fiscal year 2024, at an interest rate of 1.473% to 3.053% to with remaining lease terms ranging from 10 to 45 years	2,336,527
	$ 3,541,476

The lease receivables are expected to be received in subsequent years as follows:

	Governmental Activities		Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2025	$ 96,195	$ 18,269	$ 165,383	$ 38,818
2026	96,864	17,600	168,167	36,034
2027	50,625	16,995	171,001	33,200
2028	17,425	16,735	173,887	30,314
2029	19,933	16,504	176,825	27,376
2030 - 2034	41,417	79,888	928,428	90,895
2035 - 2039	35,298	77,217	289,856	34,667
2040 - 2044	56,442	72,949	155,888	19,716
2045 - 2049	82,320	66,480	153,141	4,966
2050 - 2054	113,797	57,323	-	-
2055 - 2059	151,881	44,907	-	-
2060 - 2064	197,750	28,557	-	-
2065 - 2069	198,953	7,898	-	-
	$ 1,158,900	$ 521,322	$ 2,382,576	$ 315,986

The City has various aeronautical leasing agreements for land leases (54 agreements, 5 Licenses, 72 buildings) and hangar space (27) at Denton Enterprise Airport. These qualify as regulated leases and are not included in the measurement of lease receivables, in accordance with the requirements of GASB Statement No. 87. The City recognized $870,328 (Land Lease) and $157,064 (Hangar Lease) in lease revenue during fiscal year 2024 for these leases, which have CPI increases that range from 1-5 years, dependent on the lease terms ranging from 1-30 years, with some leases having additional options that range from 5-20 years. As of October 1, 2024, the minimum payments expected to be received over the next five years is shown in the table below:

Fiscal Year	Amount
2025	$ 990,761
2026	1,015,491
2027	1,050,948
2028	1,077,185
2029	1,109,501
	$ 5,243,886

Additionally, on January 1, 2023, City of Denton, TX entered a 48-month lease as Lessee for the use of Employee Health Clinic. An initial lease liability was recorded in the amount of $300,845. As of September 30, 2024, the value of the lease liability is $173,686. The City of Denton, TX is required to make monthly fixed payments of $6,018. The lease has an interest rate of 0.2130%. The value of the right to use asset as of September 30, 2024, of $300,845 with accumulated amortization of $131,619. The City has one extension option(s), each for 12 months.

J. Subscription-Based Information Technology Agreements (SBITA)

The City entered into SBITA contracts involving various desktop and server software, electronic workflows and document management software along with other departmental specific operations management systems to assist in operations. As of September 30, 2024, all SBITA have fixed, periodic, payments over the subscription periods, which range from 1 to 5 years and expire no later than fiscal year 2029. In addition, some of these agreements are cancellable with a 30 or 60-day notice. There are no commitments or outflows of resources related to SBITA that are not yet effective.

The future subscription payments as of September 30, 2024, as follows:

	Governmental Activities		Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2025	$ 1,055,570	$ 72,169	$ 947,860	$ 27,073
2026	1,055,569	72,169	947,860	27,073
2027	1,055,570	72,169	947,860	27,073
2028	1,055,570	72,169	947,861	27,073
2029	1,055,570	72,169	947,861	27,073
	$ 5,277,849	$ 360,845	$ 4,739,302	$ 135,365

V. OTHER INFORMATION

A. Pension Plans

Employee Retirement Plans

The City of Denton participates in two pension plans; Texas Municipal Retirement System (TMRS), an agent multiple-employer, traditional, joint contributory, hybrid, defined benefit pension plan; and the Denton Firemen's Relief and Retirement Fund (FRRF), a single employer, contributory, defined benefit plan. Both plans are described in detail below. Aggregate amounts for the two pension plans are as follows:

	TMRS	FRRF	Total
Pension liability	$ 678,975,184	$ 167,333,614	$ 846,308,798
Pension assets	583,428,852	152,072,995	735,501,847
Net pension liability	$ 95,546,332	$ 15,260,619	$ 110,806,951
Deferred outflows of resources	$ 42,680,562	$ 15,511,841	$ 58,192,403
Deferred inflows of resources	3,259,932	164,565	3,424,497
Pension expense	22,731,061	1,761,084	24,492,145

Texas Municipal Retirement Plan

Plan Description

The City of Denton participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member, Governor-appointed board of trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly-available annual comprehensive financial report obtainable at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the employee's benefit is calculated based on the sum of the employee's contributions with interest, and the city-financed monetary credits with interest. Employees may choose to receive their

retirement benefit in one of seven payment options. Employees may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the employee's deposits and interest.

Upon retirement, the employee's retirement benefits are calculated based on the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits.

- Prior service credit, granted by each city joining TMRS, is a monetary credit equal to the accumulated value of the percentage of prior service credit selected by the City, multiplied by an employee's contributions that would have been made, based on the average salary prior to TMRS participation, for the number of months the employee was employed by the City before joining TMRS, accruing 3% annual interest and including the matching ratio adopted by the City.
- Current Service Credit is a monetary credit for service performed by an employee after the City joined TMRS and is based on a percent (200%) of the employee's total contributions and interest credits (commonly referred to as the City's matching ratio). Each participating city designates the rate the employee contributions (7% for the City) and interest is credited on contribution balances annually at a guaranteed minimum 5% rate. Any change in the matching ratio would be applied prospectively.
- Updated Service Credits (USC) is an optional monetary credit granted on an annually repeated basis by the City, and it may increase an employee's monthly retirement benefit. In calculating USC, TMRS looks at the changes in the employee's salary over their career and any changes the City has made to its TMRS plan, such as the employee contribution rate or the City's matching ratio. Although USC may increase the employee's retirement benefit, USC does not affect the amount of contributions in an employee's account or the amount an employee will receive if they refund.

The plan provisions also include an annually repeating basis cost of living adjustments for retirees equal to 70% of the change in the consumer price index. If an employee terminates employment and refunds their account, the employee will receive their total contributions, plus credited interest. The employee will not receive any of the city-financed monetary credits. An employee can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after five years.

Employees Covered by Benefit Terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	909
Inactive employees entitled to but not yet receiving benefits	929
Active employees	1,472
Total	3,310

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the City Council. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 18.15% and 18.94% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were $21,790,165 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate are applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35%	6.7%
Core Fixed Income	6%	4.7%
Non-Core Fixed Income	20%	8.0%
Real Return	12%	8.0%
Real Estate	12%	7.6%
Absolute Return	5%	6.4%
Private Equity	10%	11.6%
Total	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2022	$ 642,301,045	$ 519,984,941	$ 122,316,104
Changes for the year:			
Service cost	21,408,496	-	21,408,496
Interest	43,175,635	-	43,175,635
Change of benefit terms	-	-	-
Difference between expected and actual experience	3,120,640	-	3,120,640
Changes of assumptions	(4,298,128)	-	(4,298,128)
Contributions - employer	-	21,790,165	(21,790,165)
Contributions - employee	-	8,535,599	(8,535,599)
Net investment income	-	60,236,192	(60,236,192)
Benefit payments, including refunds of employee contributions	(26,732,504)	(26,732,504)	-
Administrative expense	-	(382,866)	382,866
Other changes	-	(2,675)	2,675
Net changes	36,674,139	63,443,911	(26,769,772)
Balance at 12/31/2023	$ 678,975,184	$ 583,428,852	$ 95,546,332

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 192,754,710	$ 95,546,332	$ 15,975,192

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Change in Fiduciary Net Position, by Participating City, separately issued TMRS financial report. That report may be obtained on the Internet at *www.tmrs.com*.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of $22,731,061. This amount is included as part of personal services expenses.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ 13,878,371	$ -
Contributions subsequent to the measurement date	18,506,744	-
Differences between expected and actual economic experience	10,295,447	-
Difference in assumption changes	-	3,259,932
Total	$ 42,680,562	$ 3,259,932

Reported as deferred outflows of resources, $18,506,744 related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the City's fiscal year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (income) as follows:

For the Year Ended September 30,	Net Deferred Outflows/(Inflows)
2025	$ 7,677,316
2026	7,137,181
2027	11,166,647
2028	(5,067,257)
Total	$ 20,913,887

Denton Firemen's Relief and Retirement Plan

Plan Description

The City contributes to the retirement plan for firefighters in the Denton Fire Department known as the Denton Firemen's Relief and Retirement Fund (the Fund). The Fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Denton Firemen's Relief and Retirement Fund. The City does not have access to nor can it utilize assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Denton Firemen's Relief

and Retirement Fund at P.O. Box 2375, Denton, Texas 76202. See that report for all information about the plan fiduciary net position.

Benefits Provided

Firefighters in the Denton Fire Department are covered by the Denton Firemen's Relief and Retirement Fund which provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 20 years of service. A partially vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a partially vested benefit, the firefighter may retire starting on the date they would have both completed 20 years of service if they had remained a Denton firefighter and attained age 50. The present plan provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 2.59% of Highest 36-Month Average Salary for each year of service.

A retiring firefighter who is at least age 52 with at least 22 years of service has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 36-Month Average Salary as if the firefighter had terminated employment on their selected RETRO DROP benefit calculation date, which is no earlier than the later of the date the firefighter meets the age 52 and 22 years of service requirements and the date four years prior to the date the firefighter actually retires. Upon retirement, the employee will receive, in addition to the monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the Fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

Employees Covered by Benefit Terms

In the December 31, 2023 actuarial valuation, the following numbers of members were covered by the Fund:

Inactive employees or beneficiaries currently receiving benefits	96
Inactive employees entitled to but not yet receiving benefits	8
Active employees	236
Total	340

Contributions

The contribution provisions of the Fund are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

The contribution policy of the Denton Firemen's Relief and Retirement Fund requires contributions equal to 12.6% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The City began contributing in December 2017 according to a new City funding policy. The ordinance defining it includes an actuarially determined contribution rate over a closed 25-year amortization period, a contribution rate of 18.5% for several years, a minimum rate standard, and City review and approval of each actuarial valuation. The December 31, 2023 actuarial valuation includes the assumption the City contribution rate will be 18.5% over the unfunded liability amortization period. The costs of administering the plan are paid from the Fund assets. The City's contributions to the Fund for the year ended September 30, 2024 were $5,530,963.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. For the calendar year ending December 31, 2023, the money-weighted rate of return on pension plan investments was 9.31%.

This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying the contribution commitment by the firefighters and the assumed city contribution rate together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of payroll method.

Net Pension Liability

The City of Denton's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined based on the actuarial valuation as of December 31, 2023.

Total pension liability	$ 167,333,614
Plan fiduciary net position	152,072,995
City's net pension liability	$ 15,260,619
Plan fiduciary net position as a percentage of the total pension liability	90.9%

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Overall payroll growth	3.00%, plus promotion, step and longevity increases that vary by service
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) total dataset mortality tables employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2019.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.96%) and by adding expected inflation (2.5%). In addition, the final 6.75% assumption was selected by rounding down and thereby reflects a reduction of 0.71% for adverse deviation.

The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities		
Large Cap Domestic	40.0%	6.00%
Small/Mid Cap Domestic	10.0%	6.50%
International Developed	10.0%	6.50%
Alternatives		
Master Limited Partnerships	8.0%	6.50%
Real Estate	15.0%	4.00%
Fixed Income	15.0%	1.00%
Cash	2.0%	0.00%
Total	100.0%	
Weighted Average		4.96%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. No projection of cash flows was used to determine the discount rate because the December 31, 2023 actuarial valuation showed expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in seven years. Because of the seven-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 6.75% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City of Denton, calculated using the discount rate of 6.75%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 36,978,441	$ 15,260,619	$ (2,822,645)

Pension Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the Fund. Detailed information about the plan fiduciary net position is available in the Fund's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2023	$152,376,252	$136,802,800	$ 15,573,452
Changes for the year:			
Service cost	5,114,741	-	5,114,741
Interest	10,437,944	-	10,437,944
Change of benefit terms	-	-	-
Difference between expected and actual experience	5,114,242 -	-	5,114,242 -
Contributions - employer	-	4,888,426	(4,888,426)
Contributions - employee	-	3,329,414	(3,329,414)
Net investment income	-	12,849,568	(12,849,568)
Benefit payments, including refunds of employee contributions	(5,709,565)	(5,709,565)	-
Administrative expense	-	(87,648)	87,648
Net changes	14,957,362	15,270,195	(312,833)
Balance at 12/31/2024	$167,333,614	$152,072,995	$ 15,260,619

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized a pension expense of $1,761,084. Amounts recognized in the fiscal year represent changes between the current and prior year measurement dates. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 443,898	$ -
Contributions subsequent to the measurement date	4,149,284	-
Changes of assumptions	1,816,395	-
Differences between expected and actual experience	9,102,264	164,565
Total	$ 15,511,841	$ 164,565

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $4,149,284. will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2024, and the City's fiscal year ending September 30, 2025.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (income) as follows:

For the Year Ended September 30,	Net of Deferred Outflows Minus Deferred Inflows
2025	$ 603,586
2026	1,636,232
2027	4,215,649
2028	865,562
2029	1,305,048
Thereafter	2,571,915
Total	$ 11,197,992

B. Post-employment Benefits Other than Pensions (OPEB)

The City of Denton provides for two post-employment benefit (OPEB) plans; one provides for post-employment medical care through a single-employer, defined benefit medical plan (Medical OPEB), and the other is the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF), a single-employer defined benefit OPEB plan. Both plans are described in detail following.

Aggregate amounts for the two OPEB plans are as follows:

	Medical OPEB	TMRS SDBF	Total
OPEB liability	$ 45,653,463	$ 4,146,417	$ 49,799,880
Deferred outflows of resources	$ 7,289,024	$ 946,282	$ 8,235,306
Deferred inflows of resources	11,614,379	1,435,188	13,049,567
OPEB expense	3,496,457	179,938	3,676,395

Medical Benefits

Plan Description

The City of Denton provides post-employment medical care (OPEB) for retired employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents though the City's group health insurance plans, which covers both active and retired members. The benefits, benefit levels, and contribution rates are recommended annually by the City management as part of the budget process. Any changes in rate subsidies for retirees are approved by the City Council. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Benefits Provided

The City provides post-employment medical, dental, and vision care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under the Texas Municipal Retirement System or the Denton Firemen's Relief and Retirement Plan. Retirees must make a one-time irrevocable decision to choose benefits at the time of retirement, after which their eligibility for the benefits ceases. However, retirees can move between plans and can add and drop dependents based on qualifying events.

All medical care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees.

Employees Covered by the Benefit Terms

In the December 31, 2023, actuarial valuation, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	247
Active employees	1,689
Total	1,936

Funding Policy

The plan premium rates are recommended annually by City management and approved by the City Council as part of the annual budget. The retiree's contribution is the full amount of the actuarially determined blended premium rate less a subsidy dependent upon years of service at retirement. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree health care costs are higher than active employee healthcare costs. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. The City contributes $40 per month for each five-year increment of service, up to $200 per month, toward the cost of retiree coverage. The full cost for dental and vision is paid by the retiree. Retirees are required to enroll in Medicare Part B once eligible (age 65) and are moved into a fully-insured Medicare Supplement plan at that time. The same City contribution level applies to the supplement.

Medical OPEB Liability

The City's medical OPEB liability of $45,653,463 was measured as of December 31, 2023, the same date as the actuarial valuation.

Actuarial Methods and Assumptions

The medical OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement date, unless otherwise specified.

Significant method and assumptions used for this fiscal year valuation were as follows:

	Actuarial Assumptions
Valuation date	December 31,2023
Actuarial cost method	Individual Entry-Age Normal Method
Discount Rate	1.84% as of December 31, 2021 4.05% as of December 31, 2022 3.77% as of December 31, 2023
Inflation rate	2.50% per annum
Projected salary increases	3.60% to 11.85% for TMRS, including inflation 3.00% to 9.18% for Fire, including inflation
Healthcare trend rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years
Mortality	**TMRS:** For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements. **Firefighters:** The gender-distinct PubS-2010 (safety employees) total data set mortality are used. The rates are projected on a fully generational basis using the projection scale MP-2019.
Participation Rates	65% for employees retiring at age 65 or older; 45% for employees retiring between the ages of 50 and 64; 5% for employees retiring between the ages of 45 and 49; 0% for employees retiring before the age 45.

Changes in the Medical OPEB Liability

	Total Medical OPEB Liability
Balance at 12/31/2022	$ 41,482,438
Changes for the year:	
Service cost	2,538,726
Interest	1,687,421
Difference between expected and actual experience	(920,557)
Changes of assumptions	3,039,595
Benefit payments	(2,174,160)
Net changes	4,171,025
Balance at 12/31/2023	$ 45,653,463

Total OPEB liability as a percentage of covered payroll was 29.89%.

Sensitivity of the Medical OPEB Liability to Changes in the Discount Rate

The following schedule shows the impact of the medical OPEB liability if the discount rate used was 1% less than (2.77%) and 1% greater than (3.77%) the discount rate that was used (4.77%) in measuring the medical OPEB liability:

	1% Decrease (2.77%)	Current Discount Rate (3.77%)	1% Increase (4.77%)
Total medical OPEB liability	$ 50,340,510	$ 45,653,463	$ 41,533,743

Sensitivity of the Medical OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption

The following schedule shows the impact of the medical OPEB liability if the healthcare trend cost rate used was 1% less than (6.20%) and 1% more than (7.20%) the healthcare cost trend rate that was used (8.20%) in measuring the medical OPEB liability:

	1% Decrease (6.20%)	Current Healthcare Cost Trend Rate Assumption (7.20%)	1% Increase (8.20%)
Total medical OPEB liability	$ 42,093,159	$ 45,653,463	$ 49,836,643

Medical OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical OPEB

For the year ended September 30, 2024, the City recognized medical OPEB expense of $3,496,457. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to medical OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 180,712	$ 2,386,995
Changes in actuarial assumptions	5,768,548	9,227,384
Contributions subsequent to the measurement date	1,339,764	-
Totals	$ 7,289,024	$ 11,614,379

Deferred outflows of resources related to OPEB contributions subsequent to the measurement date of $1,339,764 will be recognized as a reduction of the medical OPEB liability for the City's fiscal year ending

September 30, 2025. Other amounts reported as deferred outflows of resources related to the medical OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Net Deferred Outflows/(Inflows)
2025	$ (729,690)
2026	(737,483)
2027	(953,233)
2028	(748,865)
2029	(800,886)
Thereafter	(1,694,962)
Total	$ (5,665,119)

TMRS Supplemental Death Benefit Fund

Plan Description

The City of Denton voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a defined benefit group-term life insurance Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including retirees. The City Council opted into this system via an ordinance, and may terminate coverage under and discontinue participation in, the SDBF by adopting an ordinance before November 1st of any year to be effective the following January 1st.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an "other postemployment benefit" (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan.

Employees Covered by the Benefit Terms

In the December 31, 2023 actuarial valuation, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	696
Inactive employees entitled to but not yet receiving benefits	259
Active employees	1,472
Total	2,427

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.28% for 2024 and 0.28% for 2023, of which 0.10% for 2024 and 0.10% for 2023, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all the death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contribution to the SDBF for two years ended September 30, 2024 and 2023 were $377,550 and $300,164 respectively, representing contributions for both active and retiree coverage, which equaled the required contribution each year.

Actuarial Methods and Assumptions

The SDBF OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

	12/31/2023
Inflation rate	2.50% per annum
Discount rate	3.77%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.60% to 11.85% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the following:

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used with a 4-year set forward for males and a 3-year set forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP BB to account for the future mortality improvements subject to the floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees, and the assets are not segregated for these groups. As such, a single discount rate of 2.77% was used to measure the SDBF OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023.

Sensitivity of the SDBF OPEB Liability to Changes in the Discount Rate

The following schedule shows the impact of the SDBF OPEB liability if the discount rate used was 1% less than (2.77%) and 1% greater than (3.77%) the discount rate that was used (4.77%) in measuring the medical OPEB liability:

	1% Decrease (2.77%)	Current Discount Rate (3.77%)	1% Increase (4.77%)
Total SDBF OPEB liability	$ 4,978,454	$ 4,146,417	$ 3,499,598

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs

On September 30, 2024, the City reported a liability of $4,146,417 for its Total SDBF OPEB liability. The total SDBF liability was determined by an actuarial valuation as of December 31, 2023. For the year ended September 30, 2024, the City recognized SDBF OPEB expense of $179,938. There were no changes of benefit terms that affected measurement of the Total SDBF Liability during the measurement period.

Changes in the SDBF OPEB Liability

	Total SDBF OPEB Liability
Balance at 12/31/2022	$ 3,732,019
Changes for the year:	
Service cost	146,216
Interest	151,640
Difference between expected and actual experience	30,281
Changes of assumptions	208,108
Benefit payments	(121,847)
Net changes	414,398
Balance at 12/31/2023	$ 4,146,417

Total OPEB liability as a percentage of covered payroll was 3.40%.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to other SDBF post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 58,205	$ 133,893
Changes in actuarial assumptions	610,377	1,301,295
Contributions subsequent to the measurement date	277,700	-
Totals	$ 946,282	$ 1,435,188

Other amounts reported as deferred outflows of resources related to SDBF OPEB will be recognized in OPEB expense as follows:

For the Year Ending September 30,	Net Deferred Outflows/(Inflows)
2025	$ (111,313)
2026	(173,450)
2027	(281,012)
2028	(226,747)
2029	25,919
Total	$ (766,603)

C. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. For the calendar years 2023 and 2024 the plan, available to all permanent City employees, permitted them to defer, until future years, up to $22,500 and $23,000 respectively. Employees who are age 50 or older may contribute an additional amount of $7,500, with the total not to exceed $30,500 in 2024. Employees who are within three years of retirement eligibility may elect to participate in a catch-up provision allowed by Section 457, which has an annual maximum contribution amount of $45,000 in 2023 and $46,000 in 2024. The withdrawal of deferred compensation funds is only available to employees by loan, termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are, until paid or made available to the employee or other beneficiary, solely the property and rights of the employees. Accordingly, the assets and associated liability of the plan are not included in the City’s financial statements.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan.

D. Self-insurance Plan

The City has established a self-insurance plan for liability and workers' compensation claims in the Risk Retention Fund. Accrued claims payable include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount which will ultimately be

paid for each claimant. The provision for claims incurred but not yet reported is estimated based on actuarial studies.

It is the policy of the City of Denton not to purchase commercial insurance for workers' compensation claims. Commercial liability insurance coverage is purchased for general liability, aviation ground operations liability, auto liability and physical damage, public officials' liability, professional liability for EMT operations, employment practices liability, law enforcement professional liability, cyber, and commercial crime (employee theft and dishonesty).

Additionally, excess insurance is purchased for general liability, flood (for specific properties), and workers' compensation exposures. The City reports liabilities when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated to meet the deductible for the policy. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

In January 2008, the City started a self-insured group employee health insurance plan. Claims are paid from the Health Insurance Fund, which has an annually negotiated stop loss provision.

The City's costs associated with the self-insurance plans are interfund transactions. Accordingly, they are treated as operating revenues of the Internal Service Risk Retention Fund and Health Insurance Fund and operating expenditures (expenses) of the other funds and employee payroll deductions.

Claims liabilities are re-evaluated periodically to take into consideration the settlement of claims, new claims, and other factors. As of September 30, 2024, the estimated value of these liabilities was $9,201,570. Changes in balances of claims liabilities during fiscal years 2023 and 2024 were as shown as follows:

	Claims Liability Beginning of Fiscal Year	Claims and Change in Estimates	Claim Payments	Claims Liability End of Fiscal Year
Worker's Compensation				
2024	$3,052,113	$1,656,528	$1,120,035	$3,588,606
2023	$2,877,836	$1,485,823	$1,311,546	$3,052,113
General Liability				
2024	$1,802,160	$ 842,957	$ 379,140	$2,265,977
2023	$1,506,465	$ 567,336	$ 271,641	$1,802,160
Health Insurance				
2024	$3,951,994	$27,455,602	$28,060,609	$3,346,987
2023	$2,514,110	$28,357,238	$26,919,354	$3,951,994

On September 30, 2024, the City of Denton had a negative unrestricted net position of $4,362,791 in the Risk Retention Fund and an additional positive net position of $853,025 in the Health Insurance Fund for payment of claims, both in addition to the liability balances recorded. There were no significant reductions in insurance coverage from coverage in the prior year, and the amount of settlements did not exceed insurance coverage in the current year or in any of the past three fiscal years.

E. Commitments and Contingencies

Agreement with TMPA

In 1976, the City, along with the cities of Bryan, Greenville, and Garland, Texas (the Cities) entered into a Power Sales Contract with the Texas Municipal Power Agency (TMPA). TMPA was created through concurrent ordinances of the Cities and is governed by a Board of Directors consisting of eight members, two appointed by the governing body of each city. Under the terms of the agreement, TMPA agreed to construct or acquire electric generating plants to supply energy and power to the Cities for a period of not less than 35 years. The Cities in turn agreed to purchase all future power and energy requirements in excess of the amounts generated by their systems from TMPA at prices intended to cover operating costs and retirement of debt. In the event that revenues were insufficient to cover all costs and retire the outstanding debt, each of the cities guaranteed a portion of the unpaid debt based, generally, upon the pro rata share.

TMPA, a municipal corporation, is governed by a Board of Directors consisting of eight members. The governing body of each of the four Cities appoints two members to the Board. An affirmative vote of five Directors, plus a weighted majority vote based on the respective energy usage of the Cities, is required for major decisions.

The City pays TMPA a pro-rated monthly charge based on the City's contractual portion of TMPA's annual fixed operating costs and debt service payments, which is currently 21.3%. As of September 30, 2024, total TMPA long-term debt outstanding was approximately $206,717,000, all of which was transmission debt and has no effect on the term of the contract. All outstanding generation debt was paid off on September 1, 2018.

Effective September 1, 2016, TMPA and the Member Cities entered into a Joint Operating Agreement (JOA). In general, the purposes of the JOA include: (i) funding TMPA operations such as mine reclamation, transmission service, and plant decommissioning following expiration of the Power Sales Contract (PSC); (ii) subject to certain exceptions, requiring Member City approval for the issuance of new debt, the execution of certain significant contracts, and the sale of property exceeding $10 million in value; (iii) specifying provisions for determining how costs of TMPA and proceeds from the sale of assets are to be allocated among the Member Cities; (iv) providing for the establishment by TMPA of reserve funds for the decommissioning of the plant and the indemnification of TMPA Board Members and Member City officials, employees, contractors, and agents; and (v) dividing the operations of TMPA into three business functions (mine, generation, and transmission) and requiring separate budgets and books for each business function.

The PSC provides upon dissolution of TMPA, the assets of TMPA automatically being transferred to the Member Cities, with each Member City receiving an undivided interest in the assets of TMPA in proportion to the amount paid by the Member City to TMPA. The JOA requires TMPA to periodically make this calculation for each business unit and sets out formulas for making these calculations. Under the JOA, these ownership calculations are relevant not only to the allocation of assets upon dissolution of TMPA, but also to the allocation of certain proceeds from the sale of assets, and in some cases, the allocation of TMPA costs.

At the request of a majority of the Member Cities, TMPA is required by the JOA to transfer a divided interest in the transmission system to each Member City. Under this partition process, the objective is for each City to receive ownership of transmission facilities in the vicinity of the Member City, and in proportion to the Member City's ownership interest in the transmission business. Any such transfer of transmission assets must be in compliance with relevant bond covenants, including those requiring defeasance of all or a portion of transmission debt.

The JOA included a reclamation plan for the mine, required the development of a decommissioning plan, and set out standards for environmental remediation. TMPA is required to comply with these plans and standards.

Under the JOA, in discharging its contractual obligations, including mine reclamation, decommissioning, transmission service, environmental remediation, indemnification, and other obligations, TMPA is rendering services to the Member Cities. The JOA obligates each Member City to pay the cost of these services, and to collect rates and charges for electric service sufficient to enable it to pay to TMPA all amounts due under the

JOA for these services. The City's payment obligations under the JOA are payable exclusively from such electric utility revenues and constitute an operating expense of the electric system.

Unless terminated earlier through the mutual consent of all parties, the JOA remains in effect until the dissolution of TMPA and the winding up of its affairs.

Effective September 1, 2016, the JOA was amended (Amendment No. 1). The primary purposes of the amendment were to authorize the sale of Gibbons Creek and the sale of the Southern 345 kV Transmission System and to authorize the issuance of refunding bonds in connection with such sales. As the sale contemplated by Amendment No. 1 did not occur, by its own terms, Amendment No. 1 ceased to have any force or effect. Effective September 22, 2017, the JOA was amended a second time (Amendment No. 2). The purposes of this amendment are to: continue TMPA's authority to issue mine reclamation bonds as had been contemplated in Amendment No. 1; revise the dates on which the separate budgets of the JOA become effective; authorize TMPA to sell certain mining and transmission assets, provided the sales do not exceed in value certain financial thresholds, and provided the sales comply with bond covenants; and allow for an extension to the term of the PSC, applicable only to the cities notifying TMPA of the extension, in order to complete a period of seasonal operation in 2018, or such other period of time as desired by the notifying cities. Pursuant to this provision, the City extended the PSC from September 1, 2018, to September 30, 2018, in order to complete the period of 2018 seasonal operation. As of September 30, 2018, the PSC had expired for all member cities.

On September 17, 2019 the JOA was amended (Amendment No. 3). The amendment defined portions specific to the generation business that had been tied to the expired PSC and clarified all board members may vote on matters involving decommissioning and the sale of the plant. It exempted financial commitments related to bonding from the requirement to obtain approval of all Member Cities relating to certain budget increases. This is to address concerns by the Attorney General of Texas that a potential situation could arise where a Member City could interfere with TMPA's existing bond deposit requirement obligations ("bond reserve equivalent") should that obligation require a 20% increase over the previous year's budget. The amendment also allows for the sale of mine tracts only after the completion of mine reclamation. This would permit the sale of a mine tract subject to bonding provided that the conveyance reserves easements, leases, or other property rights are reserved to enable TMPA to complete reclamation.

On November 12, 2019 the JOA was amended (Amendment No. 4). This amendment modified the agreement to make it unambiguous that in the event that all mining assets are sold, all Member Cities shall remain responsible for the costs of closing the mining operation according to each's percentage share and that these are included: "all obligations are discharged with respect to mine reclamation bonds, surety bonds, banking agreements, letters of credit, and other financial commitments related to providing financial security or assurance for TMPA's mine reclamation responsibilities." Additionally, it modified the agreement by removing the cap on sales of the mining assets and allowed for the sale of the mine as a whole.

Effective September 26, 2017, Gibbons Creek transitioned into a seasonal operations mode, operating during the summer months only (May-September). Due to the significant decline in service utility of the generation assets, such assets were deemed largely impaired as of September 30, 2017. On June 1, 2019, the TMPA Board of Directors voted to permanently retire the generation facility. The City also wholly impaired its TMPA prepaid purchase power due to the retirement and had a remaining balance Effective September 26, 2017, Gibbons Creek transitioned into a seasonal operations mode, operating during the summer months only (May-September). Due to the significant decline in service utility of the generation assets, such assets were deemed largely impaired as of September 30, 2017. On June 1, 2019, the TMPA Board of Directors voted to permanently retire the generation facility. The City also wholly impaired its TMPA prepaid purchase power due to the retirement and had a remaining balance recorded of $2,088,510 in Other Assets in the Electric fund that will be fully amortized as of March 31, 2025. See note IV.F. for more information.

In 2019, TMPA issued a request for proposal involving only the sale of generation assets. Proposals were received in August 2019, and TMPA entered into negotiations with one of the proposers. On December 10, 2020, the TMPA Board of Directors approved a fully negotiated Asset Purchase Agreement (APA) with

Gibbons Creek Environmental Redevelopment Group LLC (GCERG). As required by the TMPA Joint Operating Agreement, each TMPA member city was required to approve the APA. On January 26, 2021, the City Council approved the APA with GCERG. On February 10, 2021, TMPA and GCERG closed on the sale of the Gibbons Creek Steam Generation Plant and property. Through the sale, GCERG acquired 6,200 acres including the plant, CCR (coal combustion residuals) units, and reservoir. GCERG must decommission the plant and remediate all CCR units to TCEQ/EPA standards. GCERG provides independent financial security to TMPA for remediation/decommissioning and post closure activities and certain land use limits imposed on CCR containing parcels. The City's Electric fund had a liability recorded for TMPA's decommissioning obligation of $21,167,124 as of September 30, 2020. As part of the sale of Gibbons Creek, the City paid $6,037,368 of this liability in February 2021. The remaining liability of $15,129,756 was recognized as a gain in other non-operating revenues. This sale to GCERG only includes the generation assets and TMPA retained the approximate 11,000 acres associated with the mine land and all transmission assets.

On July 15, 2021 the TMPA Board of Directors authorized the Gibbons Creek Lignite Mine with approximately 11,000 acres to be sold. The sale finalized in December 2021. The City received its portion of the sale in the amount of $15,174,089 which was recorded as revenues in the Electric fund for the fiscal year ending September 30, 2022. Following the closing, TMPA will continue to conduct mine reclamation activities pursuant to a reclamation easement that will remain in effect until all bonded areas are released from bond.

Selected financial statement information of TMPA is as follows:

	September 30 (Unaudited)	
	2024	2023
	(000s)	(000s)
Operating revenues	$ 36,891	$ 34,889
Operating expenses	15,728	16,172
Operating income	21,163	18,717
Other non-operating sources (uses)	6,664	921
Current unrestricted assets	22,509	23,730
Total assets and deferred outflows	225,091	210,205
Long-term debt – Noncurrent	199,737	202,668
Total liabilities and deferred inflows	238,243	235,411
Total net position	(13,152)	(25,206)

Financial statements for TMPA are available from the TMPA website www.texasmpa.org.

Power Purchase Agreements

Following is a list of power purchase agreements in effect as of the publication date of these financial statements. The information provided is all that is allowed under the confidentiality provision(s) of the agreements.

Whitetail Wolf Ridge Wind - In 2009, the city entered into a power purchase agreement for 30 MW of firm energy and associated renewable energy credits from Whitetail Wolf Ridge Wind, LLC, a subsidiary of NextEra Energy Power Marketing, LLC. The power purchase agreement expired on January 1, 2024.

Santa Rita Wind - In 2016, the city entered into a 20-year power purchase agreement with Santa Rita Wind, LLC, a subsidiary of Invenergy, LLC. Under the agreement, which is scheduled to end April 2038, the city will purchase 150 MW of wind generation and environmental attributes. Commercial operation date was April 1, 2018.

Bluebell Solar Energy - In 2015, the city entered into a 20-year power purchase agreement with Bluebell Solar Energy, LLC, a subsidiary of NextEra Energy, Inc. Under the agreement, which is scheduled to end November 2038, the city will purchase 30 MW of solar energy and environmental attributes. Commercial operation date was November 1, 2018.

Engie Long Draw Solar - In 2018, the city entered into a 15-year power purchase agreement with Engie Long Draw Solar, LLC, a subsidiary of Engie, LLC. Under the agreement, which is scheduled to end June 2035, the city will purchase 75 MW of solar generation and environmental attributes. Commercial operation date was December 29, 2020.

Bluebell Solar II Energy - In 2018, the city entered into a 15-year power purchase agreement with Bluebell Solar II Energy, LLC, a subsidiary of NextEra Energy, Inc. Under the agreement, the City will purchase 100 MW of solar generation and environmental attributes. Commercial operation date was December 28, 2020.

Samson Solar - In 2018, the City of Denton entered into a 15-year power purchase agreement with Samson Solar Energy, LLC. Under the agreement, which was scheduled to end in 2037, the city would purchase 75 MW of solar generation and environmental attributes. Samson Solar Energy LLC alleged various Force Majeure events that impacted the project and ultimately defaulted on the agreement. While the company was in default of its obligations, the company sent notice to terminate the agreement to the City of Denton. The City is currently in legal proceedings to recover all of its damages.

Yellow Viking Solar – In 2024, the city entered into a 15-year power purchase agreement with Yellow Viking Development One, LLC. Under the agreement, which is scheduled to end in December 2041, the city will purchase 100 MW of solar generation and environmental attributes. The expected commercial operation date is on or before December 31, 2026.

Encumbrances

As discussed in note I.D., Budgetary information, encumbrances are utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the total amount encumbered in governmental funds expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	$ 6,950,590
Capital Projects Fund	55,141,545
ARPA Fund	2,943,223
Nonmajor Governmental Funds	1,990,704
Total	$ 67,026,062

F. Tax Abatements

The City enters into economic development incentive agreements with entities to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of the City. Some agreements provide for an abatement of property taxes, while others provide for a rebate of a portion of sales and use tax or a portion of ad valorem (property) tax, as established per the agreements. The incentives are performance-based, and the City generally expects to receive increased revenue because of the agreements. These incentive agreements require approval by a City Council ordinance and are authorized under Chapter 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code and Chapter 380 of the Texas Local Government Code.

Property Tax Abatements

Tax abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. In 1990, the City Council adopted a resolution setting guidelines and criteria for granting abatements in the reinvestment zones which specifically notes incentives are limited to companies which create new wealth and do not adversely affect existing businesses operating

within the City. The City is required to renew/adopt a Tax Abatement Policy every two years in accordance with Chapter 312 of the Texas Tax Code. The last policy was adopted in May of 2024. The abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. For the fiscal year ended September 30, 2024, the City abated property taxes totaling $171,658 under this program, as detailed in the following agreements:

- Peterbilt – In 2016, a 70% tax abatement agreement for a term of eight years was granted to Peterbilt Motors on new capital investments, including the construction of a new stand-alone 102,000 square foot building. In the event of a failure to meet the conditions of the agreement, an increased assessed value of real property of at least $18.5 million, the agreement provides for a full refund of all abatements previously granted plus interest. Peterbilt met the $18,500,000 required threshold for tax year 2023. The abatement amounted to $122,949.
- West Gate Business Park (WGBP) – In 2016, a 60% tax abatement agreement for a term of ten years was granted to WGBP on new capital investments only to include Buildings 2 and 3 in the business park. WGBP could receive an additional 10% abatement for the location of a supplier to an existing primary industry and/or an additional 5% for the location of a national headquarters for a total abatement of up to 75%. In the event of a failure to meet the conditions of the agreement, an increased assessed value of real property of at least $3 million, the agreement provides for a full refund of all abatements previously granted plus interest. The abatement amount for the current fiscal year was $48,709.

The City has an additional abatement agreement not listed above for Tyson Sales and Distribution. The grantee has contracted their expansions in the current economic climate and did not meet the timely completion requirements in the Agreement for the construction of the facility. The Agreement was terminated.

Chapter 380 Agreements

The City Council has the authority under Chapter 380 of the Texas Local Government Code to grant or loan City funds to accomplish specific economic development goals. These incentives are considered on a case-by-case basis. The City has target industry sectors for recruitment that will be given priority consideration: aviation/aerospace, advanced manufacturing, renewable energy, research and development, information technology, supply chain for existing primary employers, and significant consumers of municipal utilities. Consideration may also be given for projects causing infill redevelopment or other desirable development objectives and/or any other activity which the City Council determines meets a specific public purpose for economic development.

Eight agreements are based on the contribution in sales, property, and/or hotel tax. For the fiscal year ended September 30, 2024, the City rebated sales taxes totaling $4,490,313, property taxes totaling $776,675 ($210,047 of which was paid out of the Westpark TIRZ No. Two), and hotel occupancy taxes totaling $1,034,845.

Two active agreements are based on Job-based and Expansion/Relocation/Headquarter Grants. For the fiscal year that ended September 30, 2024, the City did not provide any cash grant reimbursements for Job-based Grants for Expansion/relocation Grants this fiscal year as detailed in the following agreements:

- Unicorn Lake – In 2004, an agreement was approved for Unicorn Lake, an urban-style mixed-use development. The grantee receives one-third of the City sales tax, or 0.5%, generated by the project for a maximum of fifteen years as reimbursement for public improvement costs related to the project not to exceed $6,664,901 plus accrued interest. The tax rebates initiated in 2010 and will terminate in 2025. The tax rebate amount for the current fiscal year was $89,555.
- Rayzor Ranch – In 2007, an agreement was approved for the Rayzor Ranch mixed-use development. The 410-acre project will have over one million square feet of retail and will be built in two phases.

The agreement provides a sales tax reimbursement of one half of the City sales tax, or 0.75%, generated by the project for public improvement costs, which include the widening of a state highway bisecting the project. The grantee will receive a maximum of $20 million over a 15-year term for phase one and a maximum of $48 million over a term of 20 years for phase two. An additional 15% of the City sales tax, or 0.225%, was added to both phases to offset the hotel and convention center costs until $5 million is reached. In the current fiscal year, the tax rebate amount for phase one was $1,835,724 and the tax rebate amount for phase two was $1,342,087.

- Golden Triangle Mall – In 2011, an agreement was approved for a major renovation of the Golden Triangle Mall. A threshold of a minimum $45 to $65 million was required as an investment into the property to receive a one-half share of the sales tax resulting from the renovations, less a monthly mall baseline amount established at $95,898. The total grant payments may not exceed 15.83% of the required investment. GTM Development has invested $49.5 million in the development. Tenant investments in the property amounted to $8.8 million, for a total invest of $58.3 million. Based on this total investment the total grant payment should not exceed $9.2 million. The tax rebates initiated in 2016 and will terminate in 2035. The tax rebate amount for the current fiscal year was $13,840.

- Mayday Manufacturing – In 2012, an agreement was approved for Mayday Manufacturing/Tailwind Technologies for the relocation of the business and expansion of a manufacturing facility. The agreement provides a 75% tax rebate on the increment of property tax revenue generated above the base valuation for a period of ten years. In the event of a failure to meet the conditions of the agreement, an increased assessed value of real property of at least $3 million, the agreement provides for a 50% refund of all rebates previously granted. The tax rebate amount for the current fiscal year was $36,356.

- West Gate Business Park (WGBP) – In 2015, an agreement was approved for West Gate Business Park (WGBP) for industrial development and provided for a 70% rebate of increased City property tax revenue generated for a period of ten years. WGBP includes three multi-tenant buildings totaling 413,000 square feet of new industrial/manufacturing space in the City. In 2016 the agreement was amended to include a 70% rebate on Building 1 improvements and to add a one-time grant payment in the amount of $50,000. The tax rebate amount for the current fiscal year was $55,888.

- WinCo Foods – In 2015, an agreement was approved for WinCo Foods for a $135 million, 800,000 square foot distribution facility expected to create 165 jobs with an annual payroll of around $7.2 million. In the event of a failure to meet the conditions of the agreement, the agreement provides for a 20-50% refund of all rebates previously granted, depending on the timing of a failure. WinCo received reimbursement for infrastructure financing from Water and Wastewater funds and a local sales and use tax grant for the construction and equipping of the facility in prior fiscal years, completing those portions of the agreement. The active portion of the agreement provides for the following:

    - A grant equal to 100% of the incremental property tax generated by the property and paid into the Tax Increment Fund by both the City and the County, paid annually until the full reimbursement of the project costs for public improvements is reached. The tax rebate amount out of the Westpark TIRZ No. Two for the current fiscal year was $210,047 with $156,991 being the City portion of the tax rebate and $53,056 being the County portion of the tax rebate.

    - A grant equal to 60% of City property taxes attributable to improvements resulting in an increase of assessed value of real property improvements and tangible personal property, paid annually until full reimbursement of the project costs for public improvements is

reached. Once this full reimbursement is reached, the 60% property tax rebate will continue for a period of four years as long as the increase in investment in improvements is $50 million excluding purchase price of the property. The tax rebate amount for the current fiscal year was $236,261.

- O'Reilly Hotel Partners Denton – In 2015, an agreement was approved for O'Reilly Hotel Partners Denton for a convention center with a hotel and restaurant located in the Rayzor Ranch Town Center. The agreement includes a 100% rebate of the property tax (excluding land, inventory, vehicles, and supplies), hotel occupancy tax, and sales tax generated by the project. The term is for a maximum of 25 years or a combined principal ($28 million) and interest ($26 million) amount of $54 million is reached, whichever comes first. The agreement also includes 100% rebate of the construction sales tax up to $850,000, then 50% thereafter. The construction sales tax rebate portion of the agreement was completed in fiscal year 2017-2018. In the event of a failure to meet the conditions of the agreement, the agreement provides for a 100% refund of all rebates granted in the previous year. The sales tax, property tax, and hotel occupancy tax rebate amounts for the current fiscal year were $81,461, $238,123, and $1,034,845, respectively.

- Buc-ee's Travel Center – In 2015, an agreement was approved for Buc-ee's Travel Center. The agreement provides a sales tax reimbursement of one half of the City sales tax, or 0.75%, generated from businesses located within the property boundaries for a five-year period. At the conclusion of the sales tax reimbursement term, the City has agreed to a one-time cash grant payment of $2 million minus the total sales tax previously reimbursed, only if the grantee has not received a full $2 million in sales tax reimbursements. In addition, at the conclusion of the sales tax reimbursement term, the agreement provides a sales tax reimbursement infrastructure grant of one half of the City sales tax, or 0.75%, generated by the Buc-ee's Travel Center and developed outparcels that contain sit-down restaurants or retail establishments for a period of twenty years. The City has also agreed to pay the grantee one quarter of the City sales tax, or 0.375%, generated by outparcels not included in the previously mentioned infrastructure grant, including fast food restaurants and drive-through uses. The tax rebate amount for the current fiscal year was $1,127,646.

- TeamOfDefenders– In 2020 an agreement was approved for TeamOfDefenders. The agreement consists of a performance-based five-year expansion grant up to $50,000 to be provided as a reimbursement of actual costs. In addition, the company was awarded a stratified Job-based Grant based on annual wages of new employees, not to exceed $29,500. They were awarded an additional $500 residency bonus for new employees, not to exceed $27,000. The total incentive package is not to exceed $106,500. The Job-based Grant initiated in 2020, but there were no new jobs added this fiscal year. There was not an Expansion Grant payment made for the current fiscal year.

- Safran– In 2021 an agreement was approved for Safran. The agreement consists of a performance-based five-year expansion grant up to $50,000 to be provided as a reimbursement of actual costs. In addition, the company was awarded a stratified Job-based Grant based on annual wages of new employees, not to exceed $101,500. They were awarded an additional $300 residency grant for new resident employees and $700 bonus for new established resident employees, not to exceed $23,625. The total incentive package is not to exceed $175,125. No payments were made in fiscal year 2023-2024.

- Southwire Company, LLC-In 2024 an agreement was approved for Southwire. The company is North America's leading manufacturer of wire and cable used in the distribution and transmission of electricity. Southwire was awarded a 10-year, performance-based Chapter 380 agreement for a 50% incremental rebate incentive, total not to exceed $1,955,100, for a 100,000 square foot expansion of their current facility. The company is leveraging $85.4 million dollars over the next three years and

anticipates an increase in valuation of over $69 million in expansion and modernization efforts. A total of 95-net new jobs will be added at the campus in Denton.

- Fine Arts Theater of Denton, LLC- In 2024 an agreement was approved for Fine Arts Theater of Denton for the rehabilitation and renovation of the 1934 historic Fine Arts Theater that is located on the Denton Downtown Square. The theater's functionality extends beyond film screenings and is envisioned as a multi-use venue, capable of hosting film festivals, concerts, live performances, and private event rentals. The theatre renovation represents a capital investment of $9.1 million. Two Downtown Tax Increment Reinvestment Zone (TIRZ) No. One grants were approved for a total of $1.6 million. TIRZ Grant 1 includes a total of $1,076,366 to pay down the construction loan principal to the required amount for the bank loan. TIRZ Grant 2 is an operation annual grant of $544,503 for shortfall between net profit and debt service. Fifteen jobs will be created by the project.

The City has five additional Chapter 380 property and sales tax rebates, as well as Expansion/Relocation/Headquarter and Job-based Grants that will come online in future fiscal years. Those agreements include Enginetech, and Bloomfield Homes. Currently, the City is in the process of terminating the Agreement with DynaGrid, as the company did not locate their principal place of business within the corporate limits of the City of Denton, as required per the Agreement.

G. Litigation

Various claims and lawsuits are pending against the City. In accordance with GAAP, those judgments considered "probable" are accrued, while those claims and judgments considered "reasonably possible" are disclosed but not accrued. In the opinion of City management and legal counsel, the maximum amount of all significant claims considered reasonably possible, excluding condemnation proceedings is approximately $500,000 as of September 30, 2024. Potential losses after insurance coverage on all probable claims and lawsuits will not have a material effect on the City's financial position as of September 30, 2024.

H. Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2024 up through the date the financial statements were issued.

The Water Utilities Department applied for and received approval for $195,845,000 in funding from the Texas Water Development Board (TWDB) State Water Implementation Fund for Texas (SWIFT) program. In December 2024, the City received $10,135,000 which relates to the first issuance out of the 5-year financing plan.

I. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following statement which became effective for the fiscal year ending September 30, 2024.

Statement No. 99 "Omnibus 2022" - This Statement is intended to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023 and was implemented by the City in fiscal year 2024.

Statement No. 100 "*Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*" - This statement to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this

Statement are effective for fiscal years beginning after June 15, 2023 and were implemented by the City in fiscal year 2024.

The following statements for the GASB are effective for future fiscal years ending as listed below. The City is in the process of reviewing and evaluating these statements and their potential impact on the City's financial statements.

Statement No. 101 "*Compensated Absences*" - This statement is intended to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 31, 2023, and is effective for the City's fiscal year ending September 30, 2025.

Statement No. 102 "*Certain Risk Disclosures*" - This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103 "*Financial Reporting Model Improvements*" - will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104 "*Disclosure of Certain Capital Assets*" - will provide users of government financial statements with essential information about certain types of capital assets to be disclosed separately in the capital assets note disclosures, such as lease and subscription assets. The Statement also requires for additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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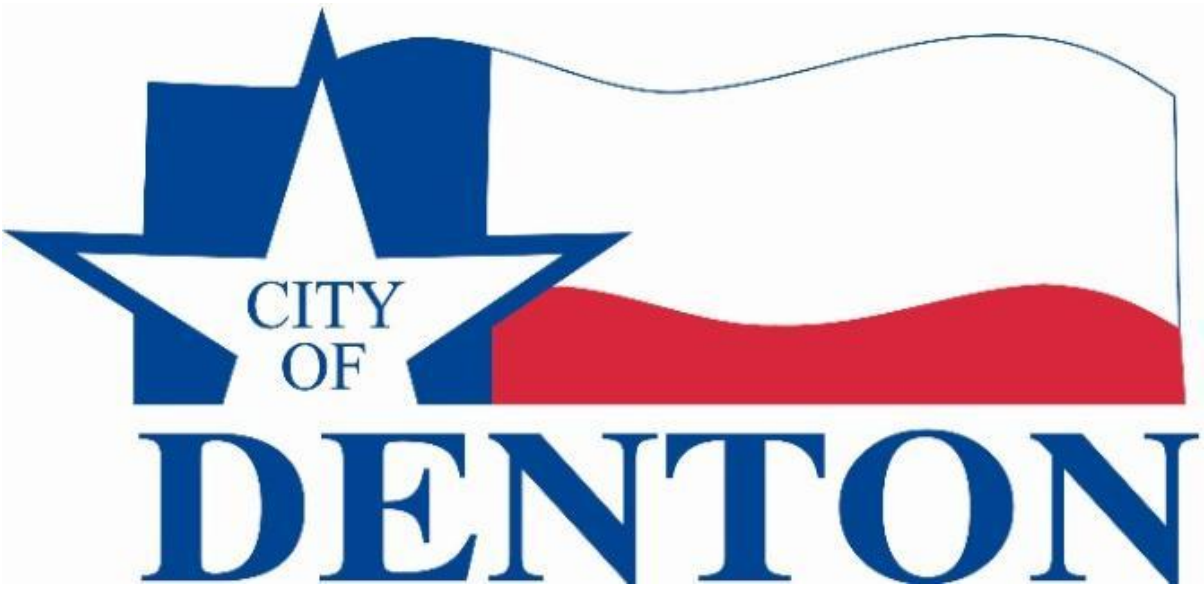
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CITY OF DENTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

Exhibit XIII

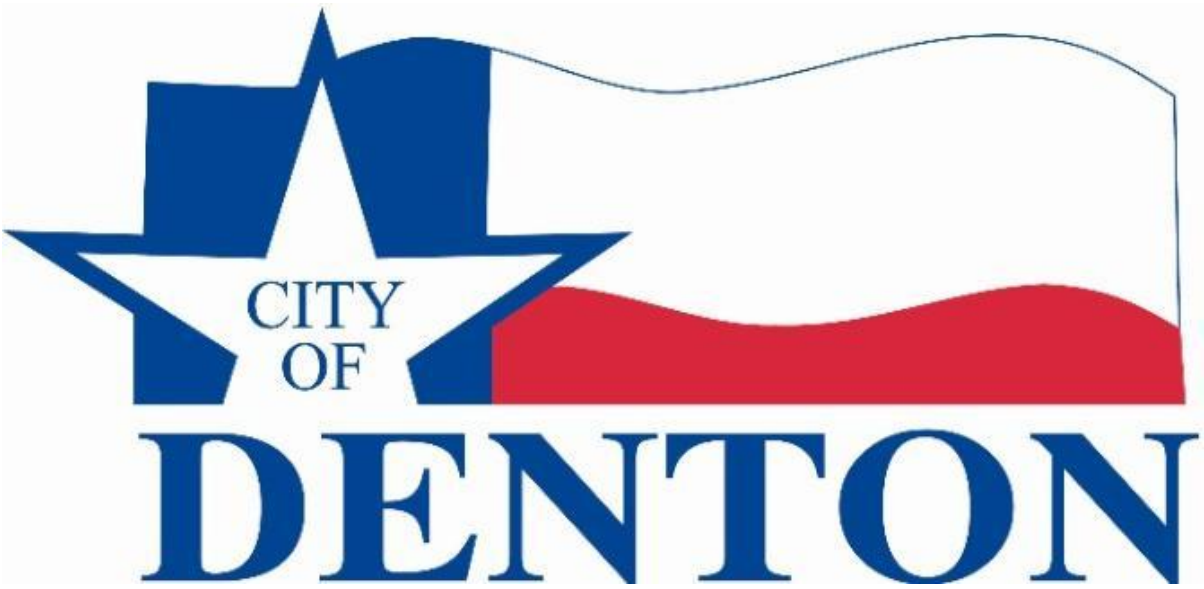
	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability:					
Service Cost	$ 10,667,694	$ 12,615,957	$ 13,925,238	$ 14,514,171	$ 14,990,529
Interest (on the total pension liability)	25,182,941	26,905,700	27,656,654	29,543,513	31,468,411
Difference between expected and actual experience	(171,241)	(1,525,911)	763,589	1,514,980	1,255,443
Change of assumptions	-	(428,789)	-	-	-
Benefit payments, including refunds of employee contributions	(11,387,617)	(12,697,735)	(13,023,330)	(16,349,644)	(18,238,039)
Net change in total pension liability	24,291,777	24,869,222	29,322,151	29,223,020	29,476,344
Total pension liability - beginning	360,116,261	384,408,038	409,277,260	438,599,411	467,822,431
Total pension liability - ending (a)	$ 384,408,038	$ 409,277,260	$ 438,599,411	$ 467,822,431	$ 497,298,775
Plan fiduciary net position:					
Contributions - employer	$ 13,065,763	$ 13,615,410	$ 14,046,860	$ 14,821,752	$ 15,107,443
Contributions - employee	4,991,415	5,365,231	5,712,464	6,014,227	6,175,407
Net investment income (loss)	16,867,596	469,530	21,947,635	48,954,660	(12,175,765)
Benefit payments, including refunds of employee contributions	(11,387,617)	(12,697,735)	(13,023,330)	(16,349,644)	(18,238,039)
Administrative expense	(176,083)	(285,957)	(247,766)	(253,578)	(235,169)
Other	(14,477)	(14,123)	(13,349)	(12,851)	(12,287)
Net change in plan fiduciary net position	23,346,597	6,452,356	28,422,514	53,174,566	(9,378,410)
Plan fiduciary net position - beginning	294,819,596	318,166,193	324,618,549	353,041,063	406,215,629
Plan fiduciary net position - ending (b)	$ 318,166,193	$ 324,618,549	$ 353,041,063	$ 406,215,629	$ 396,837,219
Net pension liability - ending (a) - (b)	$ 66,241,845	$ 84,658,711	$ 85,558,348	$ 61,606,802	$ 100,461,556
Plan fiduciary net position as a percentage of total pension liability	82.77%	79.32%	80.49%	86.83%	79.80%
Covered payroll	$ 71,025,494	$ 76,646,157	$ 81,481,789	$ 85,227,078	$ 88,179,581
Net pension liability as a percentage of covered payroll	93.26%	110.45%	105.00%	72.29%	113.93%

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XIII**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
Total pension liability:					
Service Cost	$ 16,283,811	$ 18,685,981	$ 17,667,234	$ 19,111,021	$ 21,408,496
Interest (on the total pension liability)	33,434,342	35,523,156	37,617,145	40,284,903	43,175,635
Difference between expected and actual experience	2,005,979	2,636,510	8,560,080	8,678,564	3,120,640
Change of assumptions	1,438,798	-	-	-	(4,298,128)
Benefit payments, including refunds of employee contributions	(20,234,184)	(26,603,058)	(24,025,384)	(26,062,628)	(26,732,504)
Net change in total pension liability	32,928,746	30,242,589	39,819,075	42,011,860	36,674,139
Total pension liability - beginning	497,298,775	530,227,521	560,470,110	600,289,185	642,301,045
Total pension liability - ending (a)	$ 530,227,521	$ 560,470,110	$ 600,289,185	$ 642,301,045	$ 678,975,184
Plan fiduciary net position:					
Contributions - employer	$ 16,255,126	$ 18,613,464	$ 17,849,684	$ 19,140,875	$ 21,790,165
Contributions - employee	6,693,287	7,536,737	7,095,275	7,670,708	8,535,599
Net investment income (loss)	61,399,432	34,987,709	64,564,009	(40,913,118)	60,236,192
Benefit payments, including refunds of employee contributions	(20,234,184)	(26,603,058)	(24,025,384)	(26,062,628)	(26,732,504)
Administrative expense	(346,657)	(226,230)	(298,515)	(353,785)	(382,866)
Other	(10,413)	(8,826)	2,046	422,171	(2,675)
Net change in plan fiduciary net position	63,756,591	34,299,796	65,187,115	(40,095,777)	63,443,911
Plan fiduciary net position - beginning	396,837,219	460,593,810	494,893,606	560,080,721	519,984,941
Plan fiduciary net position - ending (b)	$ 460,593,810	$ 494,893,606	$ 560,080,721	519,984,941	$ 583,428,852
Net pension liability - ending (a) - (b)	$ 69,633,711	$ 65,576,504	$ 40,208,464	122,316,104	$ 95,546,332
Plan fiduciary net position as a percentage of total pension liability	86.87%	88.30%	93.30%	80.96%	85.93%
Covered payroll	$ 95,618,386	$ 107,576,172	$ 101,361,066	$ 109,581,543	$ 121,846,875
Net pension liability as a percentage of covered payroll	72.82%	60.96%	39.67%	111.62%	78.42%

(concluded)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CITY OF DENTON, TEXAS **Exhibit XIV**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	(a) Actuarially Determined Contributions	(b) Contributions in Relation to the Actuarially Determined Contributions	(c) Contribution Excess (Deficiency) (b) - (a)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b)/(d)
2015	13,507,272	13,507,272	-	75,379,632	17.92%
2016	14,435,638	14,435,638	-	83,127,601	17.37%
2017	14,648,606	14,648,606	-	84,753,377	17.28%
2018	14,931,800	14,931,800	-	86,832,074	17.20%
2019	16,035,042	16,035,042	-	94,158,313	17.03%
2020	17,562,597	17,562,597	-	101,964,029	17.22%
2021	17,794,920	17,794,920	-	101,641,023	17.51%
2022	18,471,103	18,471,103	-	105,519,237	17.50%
2023	19,140,875	19,140,875	-	109,581,543	17.47%
2024	21,790,165	21,790,165	-	121,846,875	17.88%

Notes to Schedule:
Actuarial determined contribution rates are calculated as of December 31st and become effective in January, 13 months later. Contributions above do not include contributions into the supplemental death benefit fund.

Methods and assumptions used to determine contribution rate for 2024:

Actuarial Cost Method	**Entry Age Normal**
Amortization Method	**Level Percentage of Payroll, Closed**
Remaining Amortization Period	**22 Years (longest amortization ladder)**
Asset Valuation Method	**10 Year Smoothed Market; 12% Soft Corridor**
Inflation	**2.50%**
Salary Increases	**3.60% to 11.85% including inflation**
Investment Rate of Return	**6.75%**
Retirement Age	**Experience-based table of rates vary by age. Last updated for the 2023 valuation pursuant to and experience study of the period ending 2022.**
Mortality	**Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).** **Pre-retirement: PUB(10) mortality tables, with the 110% Public Safety table used for males and the 100% General Employees table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).**
Other	**There were no benefit changes during the year**

CITY OF DENTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
DENTON FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

Exhibit XV

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability:					
Service Cost	$ 2,747,253	$ 2,836,263	$ 3,089,911	$ 3,182,608	$ 3,615,495
Interest (on the total pension liability)	5,685,396	5,998,959	6,135,588	6,493,255	7,049,261
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(2,063,421)	-	2,040,716	-
Change of assumptions	-	2,331,908	-	-	-
Benefit payments, including refunds of employee contributions	(4,036,009)	(4,048,358)	(4,270,006)	(3,768,829)	(4,055,856)
Net change in total pension liability	4,396,640	5,055,351	4,955,493	7,947,750	6,608,900
Total pension liability - beginning	80,490,694	84,887,334	89,942,685	94,898,178	102,845,928
Total pension liability - ending (a)	$ 84,887,334	$ 89,942,685	$ 94,898,178	$ 102,845,928	$ 109,454,828
Plan fiduciary net position:					
Contributions - employer	$ 2,566,875	$ 2,567,219	$ 2,759,844	$ 2,979,807	$ 3,434,007
Contributions - employee	1,745,419	1,803,064	1,997,155	2,142,990	2,338,837
Net investment income (loss)	4,411,066	(3,287,188)	6,935,215	8,793,234	(183,148)
Benefit payments, including refunds of employee contributions	(4,036,009)	(4,048,358)	(4,270,006)	(3,768,829)	(4,055,856)
Administrative expense	(81,005)	(76,538)	(94,175)	(63,669)	(87,899)
Net change in plan fiduciary net position	4,606,346	(3,041,801)	7,328,033	10,083,533	1,445,941
Plan fiduciary net position - beginning	66,412,172	71,018,518	67,976,717	75,304,750	85,388,283
Plan fiduciary net position - ending (b)	$ 71,018,518	$ 67,976,717	$ 75,304,750	$ 85,388,283	$ 86,834,224
OPEB liability - ending (a) - (b)	$ 13,868,816	$ 21,965,968	$ 19,593,428	$ 17,457,645	$ 22,620,604
Plan fiduciary net position as a percentage of total pension liability	83.66%	75.58%	79.35%	83.03%	79.33%
Covered payroll	$ 14,238,486	$ 14,310,032	$ 15,850,437	$ 17,007,857	$ 18,562,198
OPEB liability as a percentage of covered payroll	97.40%	153.50%	123.61%	102.64%	121.86%

(continued on the following page)

CITY OF DENTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
DENTON FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

Exhibit XV

	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
Total pension liability:					
Service Cost	$ 3,723,960	$ 4,252,475	$ 4,380,049	$ 4,965,768	$ 5,114,741
Interest (on the total pension liability)	7,497,583	8,293,527	8,791,959	9,787,310	10,437,944
Changes of benefit terms	-	-	1,074,140	-	-
Difference between expected and actual experience	1,526,958	-	4,783,943	-	5,114,242
Change of assumptions	3,446,011	-	-	-	-
Benefit payments, including refunds of employee contributions	(4,206,975)	(5,655,539)	(4,923,273)	(4,816,472)	(5,709,565)
Net change in total pension liability	11,987,537	6,890,463	14,106,818	9,936,606	14,957,362
Total pension liability - beginning	109,454,828	121,442,365	128,332,828	142,439,646	152,376,252
Total pension liability - ending (a)	$ 121,442,365	$ 128,332,828	$ 142,439,646	$ 152,376,252	$ 167,333,614
Plan fiduciary net position:					
Contributions - employer	$ 3,639,740	$ 4,069,311	$ 4,249,769	$ 4,545,905	$ 4,888,426
Contributions - employee	2,478,958	2,771,532	2,894,437	3,096,130	3,329,414
Net investment income (loss)	15,141,275	12,313,949	21,206,371	(6,446,061)	12,849,568
Benefit payments, including refunds of employee contributions	(4,206,975)	(5,655,539)	(4,923,273)	(4,816,472)	(5,709,565)
Administrative expense	(71,427)	(116,909)	(87,866)	(114,279)	(87,648)
Net change in plan fiduciary net position	16,981,571	13,382,344	23,339,438	(3,734,777)	15,270,195
Plan fiduciary net position - beginning	86,834,224	103,815,795	117,198,139	140,537,577	136,802,800
Plan fiduciary net position - ending (b)	$ 103,815,795	$ 117,198,139	$ 140,537,577	$ 136,802,800	$ 152,072,995
OPEB liability - ending (a) - (b)	$ 17,626,570	$ 11,134,689	$ 1,902,069	$ 15,573,452	$ 15,260,619
Plan fiduciary net position as a percentage of total pension liability	85.49%	91.32%	98.66%	89.78%	90.88%
Covered payroll	$ 19,674,270	$ 21,996,287	$ 22,971,722	$ 24,572,460	$ 26,423,921
OPEB liability as a percentage of covered payroll	89.59%	50.62%	8.28%	63.38%	57.75%

(concluded)

CITY OF DENTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (Unaudited)

Exhibit XVI

Fiscal Year	(a) Annual Required Contributions	(b) Contributions in Relation to the Annual Required Contributions	(c) Contribution Excess (Deficiency) (b) - (a)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b)/(d)
2015	2,535,719	2,535,719	-	14,029,051	18.07%
2016	2,819,046	2,819,046	-	15,540,826	18.14%
2017	2,924,757	2,924,757	-	16,747,217	17.46%
2018	3,310,248	3,310,248	-	18,080,014	18.31%
2019	3,610,711	3,610,711	-	19,517,358	18.50%
2020	3,838,014	3,838,014	-	20,746,026	18.50%
2021	4,158,368	4,158,368	-	22,477,667	18.50%
2022	4,440,025	4,440,025	-	24,000,134	18.50%
2023	4,804,198	4,804,198	-	25,968,636	18.50%
2024	5,530,963	5,530,963	-	29,897,097	18.50%

Notes to Schedule:

Annual required contributions are not actuarially determined. In accordance with city ordinance since 2017, the City has contributed to the Firemen's Relief and Retirement Fund at the rate of 18.5%, the assumed actuarial valuation rate over the unfunded liability amortization period.

While the contribution requirements are not actuarially determined, state law requires an actuary certify the assumed City contribution rate is adequate. Methods and assumptions used to contribution adequacy in the December 31, 2021 actuarial valuation:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	9.1 Years
Asset Valuation Method	5-year smoothing
Inflation	2.50%
Salary Increases	3.00% annual general compensation increase plus promotion, step, and longevity increases which average 1.98% per year over a 30-year career
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Retirement Age	Average expected age at retirement of 57
Mortality	PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sec distinct), projected for morality improvement generationally using the projection scale MP-2019

CITY OF DENTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
MEDICAL OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1,2]

Exhibit XVII

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
Total OPEB liability:							
Service Cost	$ 1,750,172	$ 1,995,008	$ 2,052,606	$ 2,884,792	$ 3,554,317	$ 3,282,530	$ 2,538,726
Interest (on the total OPEB liability)	1,360,179	1,329,949	1,507,925	1,186,428	995,640	921,256	1,687,421
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	-	(150,485)	(1,512,289)	329,072	(1,283,436)	(42,650)	(920,557)
Change of assumptions or other inputs	2,067,787	(1,724,923)	1,444,810	3,664,984	(1,091,668)	(10,266,201)	3,039,595
Benefit payments	(742,818)	(899,361)	(1,126,992)	(1,695,382)	(1,826,367)	(1,679,015)	(2,174,160)
Net change in total OPEB liability	4,435,320	550,188	2,366,060	6,369,894	348,486	(7,784,080)	4,171,025
Total OPEB liability - beginning	35,196,570	39,631,890	40,182,078	42,548,138	48,918,032	49,266,518	41,482,438
Total OPEB liability - ending	$ 39,631,890	$ 40,182,078	$ 42,548,138	$ 48,918,032	$ 49,266,518	$ 41,482,438	$ 45,653,463
Covered-employee payroll	104,783,403	$ 109,480,718	$ 118,063,295	$ 130,944,182	$ 126,595,871	$ 137,686,788	$ 152,743,678
OPEB liability as a percentage of covered-employee payroll	37.82%	36.70%	36.04%	37.36%	38.92%	30.13%	29.89%

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

[2]There are no assets accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay related benefits.

Methods and assumptions used to determine contribution rate for 2024:

Actuarial cost method	Entry-Age Normal
Discount rate	3.77% (Based on the Fidelity Index's "20-Year Municipal GO AA Index" rates as of December 31, 2023.) The prior year discount rate was 4.05%.
Inflation rate	2.50%
Projected salary increases	3.60% to 11.85% for TMRS and 3.00% to 9.18% for Fire, including inflation
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2023 as conducted for the Texas Municipal Retirement System (TMRS) and the assumptions used in the December 31, 2023 actuarial valuation for the Denton Firemen's Relief and Retirement Fund.
Healthcare trend rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years.
Mortality	TMRS: For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Fire: For healthy retirees, the gender-distinct PubS-2010 (safety employees) total data set mortality tables are used. The rates are projected on a fully generational basis using the project scale MP-2019.
Participation rates	65% for employees retiring at age 65 or older; 45% for employees retiring between the ages of 50 and 64; 5% for employees retiring between the ages of 45 and 49; 0% for employees retiring before the ages of 45.

CITY OF DENTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT FUND
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1,2]

Exhibit XVIII

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
Total OPEB liability:							
Service Cost	$ 144,886	$ 176,359	$ 152,989	$ 236,668	$ 233,130	$ 284,912	$ 146,216
Interest (on the total OPEB liability)	106,885	110,831	130,143	115,434	103,668	100,639	151,640
Difference between expected and actual experience	-	155,143	(284,991)	(28,782)	(158,830)	46,933	30,281
Change of assumptions or other inputs	270,541	(247,941)	680,198	720,927	172,092	(1,978,189)	208,108
Benefit payments	(17,045)	(17,636)	(28,686)	(32,273)	(81,089)	(98,623)	(121,847)
Net change in total OPEB liability	505,267	176,756	649,653	1,011,974	268,971	(1,644,328)	414,398
Total OPEB liability - beginning	2,763,726	3,268,993	3,445,749	4,095,402	5,107,376	5,376,347	3,732,019
Total OPEB liability - ending	$ 3,268,993	$ 3,445,749	$ 4,095,402	$ 5,107,376	$ 5,376,347	$ 3,732,019	$ 4,146,417
Covered-employee payroll	$ 85,227,078	$ 88,179,581	$ 95,618,386	$ 107,576,172	$ 101,361,066	$ 137,686,788	$ 121,846,875
OPEB liability as a percentage of covered-employee payroll	3.84%	3.91%	4.28%	4.75%	5.30%	2.71%	3.40%

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

[2]There are no assets accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay related benefits.

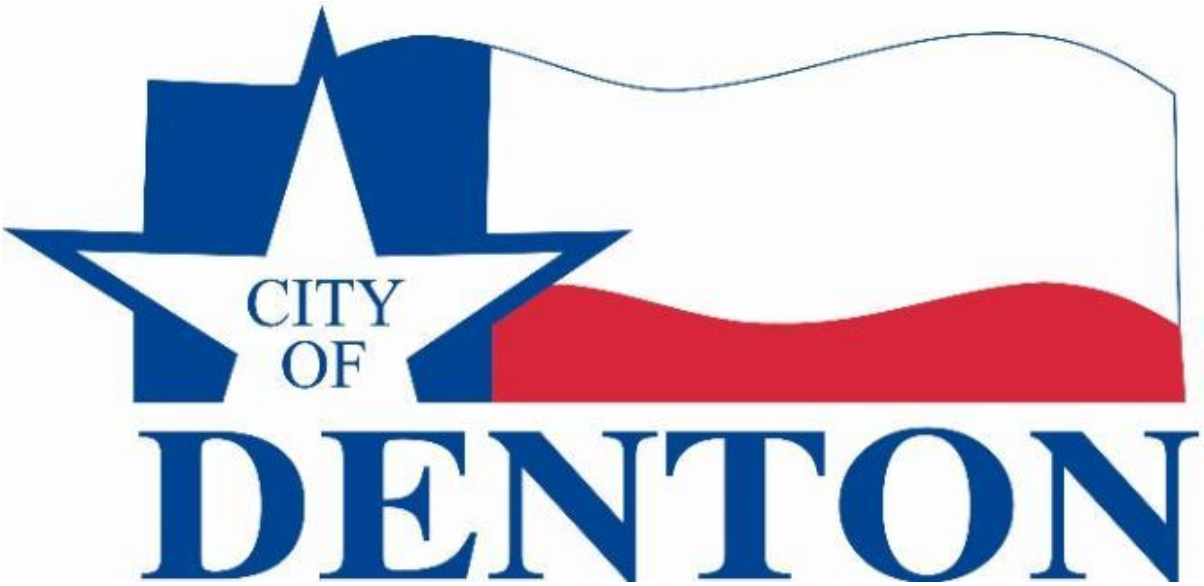
Methods and assumptions used to determine contribution rate for 2024:

Inflation rate	2.50% per annu 2.50% per annum
Discount rate	3.77% (as of December 31, 2023.) The prior year discount rate was 6.50%.
Actuarial cost method	Entry Age Normal
Projected salary increases	3.60 % to 11.85%, including inflation.
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB No. 68.
Mortality rates - service retirees	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

CITY OF DENTON, TEXAS **Exhibit XIX**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 39,047,851	$ 39,047,851	$ 38,233,693	$ -	$ 38,233,693	$ (814,158)
Investment revenue (loss)	-	-	1,049,496	-	1,049,496	1,049,496
Total revenues	39,047,851	39,047,851	39,283,189	-	39,283,189	235,338
EXPENDITURES:						
Debt service:						
Principal, interest and fiscal charges	106,221,238	106,221,238	39,755,244	65,673,150	105,428,394	792,844
Bond refunding	-	-	64,381	(64,381)	-	-
Bond issuance costs	-	-	14,245	(14,245)	-	-
Total expenditures	106,221,238	106,221,238	39,833,870	65,594,524	105,428,394	792,844
Excess (deficiency) of revenues over (under) expenditures	(67,173,387)	(67,173,387)	(550,681)	(65,594,524)	(66,145,205)	1,028,182
OTHER FINANCING SOURCES (USES):						
Refunding bonds issued	-	-	3,100,000	(3,100,000)	-	-
Payment to refunded bond agent	-	-	(3,430,365)	3,430,365	-	-
Premium on debt issuance	-	-	346,001	(346,001)	-	-
Transfers in	67,173,387	67,173,387	806,779	65,673,150	66,479,929	(693,458)
Total other financing sources (uses)	67,173,387	67,173,387	822,415	65,657,514	66,479,929	(693,458)
Net change in fund balance	-	-	271,734	62,990	334,724	334,724
Fund balance at beginning of year	1,138,403	1,138,403	1,138,403	-	1,138,403	-
Fund balance at end of year	$ 1,138,403	$ 1,138,403	$ 1,410,137	$ 62,990	$ 1,473,127	$ 334,724

Adjustments - Budgetary Basis are pass-through debt service payments budgeted as transfers in from enterprise and internal service funds.
Other Financing Sources (Uses) related to refunding are adjusted out as they are non-budgeted items reducing future debt service payments.


CITY
OF
DENTON

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Development Block Grant (CDBG) – to account for the operations of projects utilizing Community Development Block Grant Funds. Such revenues are restricted to expenditures for specified projects by the Department of Housing and Urban Development.

Criminal Justice – to account for revenue received from the State of Texas Criminal Justice Division and other grants administered by the police department.

Police Confiscation – to account for revenues received from confiscated goods. Expenditures are restricted to enhancing law enforcement.

Tourist and Convention – to account for taxes received from hotel and motel occupancy for the purpose of promoting tourism.

Street Improvement – to account for street maintenance and improvement activities.

Gas Well Revenues – to account for the receipt of royalty, pooling, tax, and lease revenue related to park gas wells.

Citizens' Park Trusts – to account for several small trust funds that are for park development.

All Other – to account for miscellaneous special revenue sources that are required to finance specific activities.

CITY OF DENTON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2024

Exhibit XX

	Special Revenue Funds				
	Community Development Block Grant	Criminal Justice	Police Confiscation	Tourist and Convention	Street Improvement
ASSETS					
Cash, cash equivalents and investments, at fair value	$ -	$ -	$ 1,611,842	$ 1,918,578	$ 4,688,797
Receivables (net of allowances):	-	-	-	-	-
Taxes	-	-	-	317,563	
Accrued interest	-	-	9,656	11,494	28,090
Other	-	-	-	104,401	-
Due from other governments	846,654	221,619	-	-	-
Total assets	$ 846,654	$ 221,619	$ 1,621,498	$ 2,352,036	$ 4,716,887
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	91,919	212,983	-	873,192	326,103
Interfund payables	415,046	4,440	-	-	-
Retainage payable	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	506,965	217,423	-	873,192	326,103
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - general services	-	-	-	-	-
Unavailable revenue - intergovernmental	-	157,040	-	-	-
Total deferred inflows of revenues	-	157,040	-	-	-
FUND BALANCES (DEFICIT):					
Restricted for:					
Parks and recreation	-	-	-	-	-
Streets and drainage projects	-	-	-	-	-
Other grants and purposes	339,689	-	1,621,498	1,478,844	-
Committed to:					
Streets	-	-	-	-	4,390,784
Parks and recreation	-	-	-	-	-
Other purposes	-	-	-	-	-
Assigned to:					
Other purposes	-	-	-	-	-
Unassigned	-	(152,844)	-	-	-
Total fund balance (deficit)	339,689	(152,844)	1,621,498	1,478,844	4,390,784
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 846,654	$ 221,619	$ 1,621,498	$ 2,352,036	$ 4,716,887

(continued on the following page)

CITY OF DENTON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (concluded)
AS OF SEPTEMBER 30, 2024

Exhibit XX

	Gas Well Revenues	Citizens' Park Trusts	All Other	Total Nonmajor Governmental Funds
ASSETS				
Cash, cash equivalents and investments, at fair value	$ 189,562	$ 12,693,488	$ 27,776,377	$ 48,878,644
Receivables (net of allowances):	-	-	-	-
Taxes	-		-	317,563
Accrued interest	1,136	76,044	165,323	291,743
Other	-	-	14,409	118,810
Due from other governments	-	-	2,289,402	3,357,675
Total assets	$ 190,698	$ 12,769,532	$ 30,245,511	$ 52,964,435
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	-	17,241	376,131	1,897,569
Interfund payables	-	-	-	419,486
Retainage payable	-	-	-	-
Unearned revenues	-	-	36,246	36,246
Total liabilities	-	17,241	412,377	2,353,301
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - general services	-	-	-	-
Unavailable revenue - intergovernmental	-	-	1,595,632	1,752,672
Total deferred inflows of revenues	-	-	1,595,632	1,752,672
FUND BALANCES (DEFICIT):				
Restricted for:				
Parks and recreation	-	12,752,291	156,463	12,908,754
Streets and drainage projects	-	-	11,203,420	11,203,420
Other grants and purposes	-	-	2,330,008	5,770,039
Committed to:				
Streets	-	-	-	4,390,784
Parks and recreation	190,698	-	-	190,698
Other purposes	-	-	16,135,872	16,135,872
Assigned to:				
Other purposes	-	-	850	850
Unassigned	-	-	(1,589,111)	(1,741,955)
Total fund balance (deficit)	190,698	12,752,291	28,237,502	48,858,462
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 190,698	$ 12,769,532	$ 30,245,511	$ 52,964,435

(concluded)

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit XXI

	Special Revenue Funds				
	Community Development Block Grant	Criminal Justice	Police Confiscation	Tourist and Convention	Street Improvement
REVENUES:					
Tax revenue	$ -	$ -	$ -	$ 2,965,129	$ -
Franchise fees	-	-	-	-	17,450,087
Fines and forfeitures	-	-	221,442	-	-
Fees for services	-	-	-	-	-
Investment revenue	-	-	76,654	95,606	445,636
Intergovernmental	1,617,543	104,429	-	-	-
Miscellaneous	145,496	-	204,047	-	-
Total revenues	1,763,039	104,429	502,143	3,060,735	17,895,723
EXPENDITURES:					
Current:					
General government	1,581,213	-	-	3,076,796	-
Public safety	-	157,652	24,249	-	-
Public works	-	-	-	-	10,669,534
Parks and recreation	-	-	-	-	-
Capital outlay	-	103,817	75,216	-	-
Total expenditures	1,581,213	261,469	99,465	3,076,796	10,669,534
Excess (deficiency) of revenues over (under) expenditures	181,826	(157,040)	402,678	(16,061)	7,226,189
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	4,196	-	-	1,345,000
Transfers out	-	-	-	(75,000)	(13,174,933)
Total other financing sources (uses)	-	4,196	-	(75,000)	(11,829,933)
Net change in fund balances	181,826	(152,844)	402,678	(91,061)	(4,603,744)
Fund balance, beginning of year	157,863	-	1,218,820	1,569,905	8,994,528
Recreation Fund, beginning of year [1]	-	-	-	-	-
Fund balances at beginning of year, as restated	157,863	-	1,218,820	1,569,905	8,994,528
Fund balance at end of year	$ 339,689	$ (152,844)	$ 1,621,498	$ 1,478,844	$ 4,390,784

[1]Recreation Fund was absorbed into the General Fund this year

(continued on the following page)

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit XXI

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Gas Well Revenues	Citizens' Park Trusts	All Other	Recreation Fund	
REVENUES:					
Tax revenue	$ -	$ -	$ 2,250,009	$ -	$ 5,215,138
Franchise fees	-	-	-	-	17,450,087
Fines and forfeitures	-	-	-	-	221,442
Fees for services	17,307	2,229,616	1,080,724	-	3,327,647
Investment revenue	10,012	702,048	1,510,725	-	2,840,681
Intergovernmental	-	-	3,278,342	-	5,000,314
Miscellaneous	-	-	4,285,903	-	4,635,446
Total revenues	27,319	2,931,664	12,405,703	-	38,690,755
EXPENDITURES:					
Current:					
General government	-	-	766,859	-	5,424,868
Public safety	-	-	4,336,770	-	4,518,671
Public works	-	-	-	-	10,669,534
Parks and recreation	-	6,328	360,767	-	367,095
Capital outlay	-	1,577,685	1,174,428	-	2,931,146
Total expenditures	-	1,584,013	6,638,824	-	23,911,314
Excess (deficiency) of revenues over (under) expenditures	27,319	1,347,651	5,766,879	-	14,779,441
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	-	1,089,172	-	2,438,368
Transfers out	-	-	(1,786,697)	-	(15,036,630)
Total other financing sources (uses)	-	-	(697,525)	-	(12,598,262)
Net change in fund balances	27,319	1,347,651	5,069,354	-	2,181,179
Fund balance, beginning of year	163,379	11,404,640	23,168,148	28,550	46,705,833
Recreation Fund, beginning of year [1]	-	-	-	(28,550)	(28,550)
Fund balances at beginning of year, as restated	163,379	11,404,640	23,168,148	-	46,677,283
Fund balance at end of year	$ 190,698	$ 12,752,291	$ 28,237,502	$ -	$ 48,858,462

(concluded)

CITY OF DENTON, TEXAS **Exhibit XXII**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: POLICE CONFISCATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fines and forfeitures	$ -	$ -	$ 221,442	$ -	$ 221,442	$ 221,442
Investment revenue	-	-	76,654	-	76,654	76,654
Miscellaneous	-	-	204,047	-	204,047	204,047
Total revenues	-	-	502,143	-	502,143	502,143
EXPENDITURES:						
Current:						
Public safety	350,000	350,000	24,249	-	24,249	325,751
Capital outlay	-	-	75,216	-	75,216	(75,216)
Total expenditures	350,000	350,000	99,465	-	99,465	250,535
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Net change in fund balance	(350,000)	(350,000)	402,678	-	402,678	752,678
Fund balance at beginning of year	1,218,820	1,218,820	1,218,820	-	1,218,820	-
Fund balance at end of year	$ 868,820	$ 868,820	$ 1,621,498	$ -	$ 1,621,498	$ 752,678

CITY OF DENTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: TOURIST AND CONVENTION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit XXIII

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 3,808,000	$ 3,808,000	$ 2,965,129	$ -	$ 2,965,129	$ (842,871)
Investment revenue (loss)	14,000	14,000	95,606	-	95,606	81,606
Total revenues	3,822,000	3,822,000	3,060,735	-	3,060,735	(761,265)
EXPENDITURES:						
Current:						
General government	4,400,255	4,300,255	3,076,796	-	3,076,796	1,223,459
Total expenditures	4,400,255	4,300,255	3,076,796	-	3,076,796	1,223,459
Excess (deficit) of revenues over (under) expenditures	(578,255)	(478,255)	(16,061)	-	(16,061)	462,194
OTHER FINANCING SOURCES (USES):						
Transfers out	-	(100,000)	(75,000)	-	(75,000)	25,000
Total other financing sources (uses)	-	(100,000)	(75,000)	-	(75,000)	25,000
Net change in fund balance	(578,255)	(578,255)	(91,061)	-	(91,061)	487,194
Fund balance at beginning of year	1,569,905	1,569,905	1,569,905	-	1,569,905	-
Fund balance at end of year	$ 991,650	$ 991,650	$ 1,478,844	$ -	$ 1,478,844	$ 487,194

CITY OF DENTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: STREET IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit XXIV

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Franchise fees	$ 16,688,477	$ 16,688,477	$ 17,450,087	$ -	$ 17,450,087	$ 761,610
Fees for services	-	-	-	-	-	-
Investment revenue (loss)	40,000	40,000	445,636	-	445,636	405,636
Miscellaneous	22,000	22,000	-	-	-	(22,000)
Total revenues	16,750,477	16,750,477	17,895,723	-	17,895,723	1,145,246
EXPENDITURES:						
Current:						
Public Works	11,496,308	10,696,308	10,669,534	(869,426)	9,800,108	896,200
Debt service:						
Principal retirement	-	-	-	-	-	-
Total expenditures	11,496,308	10,696,308	10,669,534	(869,426)	9,800,108	896,200
Excess (deficit) of revenues over (under) expenditures	5,254,169	6,054,169	7,226,189	869,426	8,095,615	2,041,446
OTHER FINANCING SOURCES (USES):						
Sale of Assets	-	-	-	-	-	-
Transfers in	3,019,993	3,019,993	1,345,000	-	1,345,000	(1,674,993)
Transfers out	(14,247,641)	(15,047,641)	(13,174,933)	(869,426)	(14,044,359)	1,003,282
Total other financing sources (uses)	(11,227,648)	(12,027,648)	(11,829,933)	(869,426)	(12,699,359)	(671,711)
Net change in fund balance	(5,973,479)	(5,973,479)	(4,603,744)	-	(4,603,744)	1,369,735
Fund balance at beginning of year	8,994,528	8,994,528	8,994,528	-	8,994,528	-
Fund balance at end of year	$ 3,021,049	$ 3,021,049	$ 4,390,784	$ -	$ 4,390,784	$ 1,369,735

Adjustments - Budgetary Basis are expenditures allocated from and reimbursed to other funds. These expenditures are recorded as operating expenditures but budgeted as cost of service transfers.

CITY OF DENTON, TEXAS **Exhibit XXV**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: GAS WELL REVENUES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for service	$ 100,000	$ 100,000	$ 17,307	$ -	$ 17,307	$ (82,693)
Investment revenue	-	-	10,012	-	10,012	10,012
Total revenues	100,000	100,000	27,319	-	27,319	(72,681)
Excess of revenues over expenditures	100,000	100,000	27,319	-	27,319	(72,681)
OTHER FINANCING USES:						
Transfers out	(100,000)	(100,000)	-	-	-	100,000
Total other financing uses	(100,000)	(100,000)	-	-	-	100,000
Net change in fund balance	-	-	27,319	-	27,319	27,319
Fund balance at beginning of year	163,379	163,379	163,379	-	163,379	-
Fund balance at end of year	$ 163,379	$ 163,379	$ 190,698	$ -	$ 190,698	$ 27,319

CITY OF DENTON, TEXAS **Exhibit XXVI**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: CITIZENS' PARK TRUSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for service	$ 950,000	$ 950,000	$ 2,229,616	$ -	$ 2,229,616	$ 1,279,616
Investment revenue (loss)	60,000	60,000	702,048	-	702,048	642,048
Total revenues	1,010,000	1,010,000	2,931,664	-	2,931,664	1,921,664
EXPENDITURES:						
Current:						
Parks and recreation	3,900,000	3,900,000	6,328	-	6,328	3,893,672
Capital outlay	-	-	1,577,685	-	1,577,685	(1,577,685)
Total expenditures	3,900,000	3,900,000	1,584,013	-	1,584,013	2,315,987
Net change in fund balance	(2,890,000)	(2,890,000)	1,347,651	-	1,347,651	4,237,651
Fund balance at beginning of year	11,404,640	11,404,640	11,404,640		11,404,640	-
Fund balance at end of year	$ 8,514,640	$ 8,514,640	$ 12,752,291	$ -	$ 12,752,291	$ 4,237,651

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department for another.

The City has the following Internal Service Funds:

Materials Management Fund – to account for the financing of goods and services provided by the Materials Management operations of purchasing and warehouse to other City departments. Purchasing is responsible for procuring goods and services for City departments, and the warehouse maintains an inventory of materials and supplies used by City departments. Warehouse items are billed to other departments.

Fleet Services Fund – to account for the financing of goods and services provided by the Municipal Garage and Machine Shop to other City departments. Municipal Garage and Machine Shop billings include cost of parts and labor and administrative charges. Actual costs include depreciation on the building, improvements, machinery, and equipment used to provide the service.

Health Insurance Fund – to account for the accumulation of resources for the self-insurance activities of the City for employee medical insurance as well as other employee insurance benefits including long-term disability, short-term disability, dental insurance, and vision insurance.

Risk Retention Fund – to account for the accumulation of resources for the payment of activities associated with providing general liability insurance coverage and self-funded activities for City operations.

Technology Services Fund – to account for the accumulation of resources to provide computer services such as programming, support, training, maintenance, and office services to City departments.

Engineering Services Fund – to account for providing engineering, real estate, public works inspection, and development review services primarily to internal City departments although some services are provided to external entities.

Customer Service Fund – to account for providing customer service activities to residents and businesses for City departments. Services include bill pay, utility service requests, connect/disconnect services, maintenance of customer accounts, utility billing, operator calls, collections, accounts receivable, and cash handling.

Facilities Fund – to account for the maintenance of all city-owned facilities and vertical construction projects.

Environmental Services Fund – to account for the consolidated environmental-related services provided across the City.

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2024

Exhibit XXVII

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund	Technology Services Fund
ASSETS:					
Current assets:					
Cash, cash equivalents and investments, at fair value	$ 575,237	$ 930,583	$ 3,954,858	$ 3,143,098	$ 4,883,691
Receivables, net of allowances:					
Accrued interest	-	5,575	23,693	18,830	29,257
Other	-	-	-	-	1,097,663
Interfund receivables	-	-	-	-	-
Merchandise inventory	22,860,094	89,190	-	-	-
Prepaid items	11,180	-	-	-	-
Debt issuance costs	-	-	-	-	-
Total current assets	23,446,511	1,025,348	3,978,551	3,161,928	6,010,611
Noncurrent assets:					
Restricted assets:					
Cash, cash equivalents and investments, at fair value	-	4,993,944	-	-	7,070,698
Accrued interest	-	29,918	-	-	42,359
Escrow deposit	-	-	234,000	10,000	-
Lease assets, net of accumulated amortization	-	-	169,226	-	-
Right-to-use assets, net of accumulated amortization	119,628	-	-	-	3,909,576
Capital assets, net of accumulated depreciation	770,028	10,429,171	-	-	5,963,586
Total noncurrent assets	889,656	15,453,033	403,226	10,000	16,986,219
Total assets	24,336,167	16,478,381	4,381,777	3,171,928	22,996,830
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred pension balances	583,979	689,561	-	303,108	1,883,089
Deferred other post employment benefits balances	117,342	141,491	-	51,726	300,395
Total deferred outflows of resources	701,321	831,052	-	354,834	2,183,484
LIABILITIES:					
Current liabilities:					
Accounts payable	415,505	1,177,539	8,079	813,549	1,020,928
Retainage payable	-	-	-	-	-
Claims payable	-	-	3,346,987	881,195	-
Compensated absences payable	103,086	149,744	-	44,141	453,366
Deposits	-	-	-	-	-
Accrued interest	22	65,318	-	-	74,909
Interfund payables	22,400,000	-	-	-	-
Payable from restricted assets:					
Accounts payable	-	-	-	-	768,732
Certificate and general obligation bonds	-	567,461	-	-	633,445
Total current liabilities	22,918,613	1,960,062	3,355,066	1,738,885	2,951,380
Noncurrent liabilities:					
Leases payable	-	-	173,686	-	-
Right-to-use liability	93,225	-	-	-	3,569,019
Payable from restricted assets:	-	-	-	-	-
General obligation bonds payable	-	-	-	-	-
Certificates of obligation	-	10,095,604	-	-	7,911,497
Compensated absences payable	2,609	59,875	-	9,926	53,403
Claims payable	-	-	-	4,973,388	-
Net pension liability	1,152,947	1,386,718	-	700,711	3,599,956
Total other post-employment benefits liability	743,798	798,112	-	373,847	1,735,913
Total noncurrent liabilities:	1,992,579	12,340,309	173,686	6,057,872	16,869,788
Total liabilities	24,911,192	14,300,371	3,528,752	7,796,757	19,821,168
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows - leases	-	-	-	-	995,414
Deferred pension balances	41,787	62,010	-	26,864	151,038
Deferred other post employment benefits balances	190,886	220,208	-	65,932	478,595
Total deferred inflows of resources	232,673	282,218	-	92,796	1,625,047
NET POSITION:					
Net investment in capital assets	796,431	4,760,050	(4,460)	-	4,061,167
Restricted for capital acquisition	-	-	-	-	-
Unrestricted	(902,808)	(2,033,206)	857,485	(4,362,791)	(327,068)
Total net position	$ (106,377)	$ 2,726,844	$ 853,025	$ (4,362,791)	$ 3,734,099

(continued on the following page)

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF NET POSITION (concluded)
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2024

Exhibit XXVII

	Engineering Services Fund	Customer Service Fund	Facilities Fund	Environmental Services Fund	Total Internal Service Funds
ASSETS:					
Current assets:					
Cash, cash equivalents and investments, at fair value	$ 823,238	$ 1,254,123	$ 540,004	$ 502,414	$ 16,607,246
Receivables, net of allowances:					
Accrued interest	4,932	7,486	3,235	3,010	96,018
Other	772,592	-	-	-	1,870,255
Interfund receivables	-	-	-	-	-
Merchandise inventory	-	-	-	-	22,949,284
Prepaid items	-	-	-	-	11,180
Debt issuance costs	-	-	-	-	-
Total current assets	1,600,762	1,261,609	543,239	505,424	41,533,983
Noncurrent assets:					
Restricted assets:					
Cash, cash equivalents and investments, at fair value	-	323,402	-	-	12,388,044
Accrued interest	-	1,937	-	-	74,214
Escrow deposit	-	-	-	-	244,000
Lease assets, net of accumulated amortization	-	-	-	-	169,226
Right-to-use assets, net of accumulated amortization	95,120	15,208	129,392	-	4,268,924
Capital assets, net of accumulated depreciation	18,603	1,175,362	1,081,975	-	19,438,725
Total noncurrent assets	113,723	1,515,909	1,211,367	-	36,583,133
Total assets	1,714,485	2,777,518	1,754,606	505,424	78,117,116
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred pension balances	1,340,379	1,038,714	394,847	1,332,518	7,566,195
Deferred other post employment benefits balances	229,521	219,792	84,206	162,679	1,307,152
Total deferred outflows of resources	1,569,900	1,258,506	479,053	1,495,197	8,873,347
LIABILITIES:					
Current liabilities:					
Accounts payable	833,939	593,402	556,477	226,504	5,645,922
Retainage payable	-	-	-	-	-
Claims payable	-	-	-	-	4,228,182
Compensated absences payable	294,687	199,569	91,750	85,416	1,421,759
Deposits	644,451	-	-	-	644,451
Accrued interest	-	8,534	-	-	148,783
Interfund payables	-	-	-	-	22,400,000
Payable from restricted assets:					
Accounts payable	-	-	-	-	768,732
Certificate and general obligation bonds	-	140,704	-	-	1,341,610
Total current liabilities	1,773,077	942,209	648,227	311,920	36,599,439
Noncurrent liabilities:					
Leases payable	-	-	-	-	173,686
Right-to-use liability	2,000	-	-	-	3,664,244
Payable from restricted assets:	-	-	-	-	-
General obligation bonds payable	-	-	-	-	-
Certificates of obligation	-	1,002,117	-	-	19,009,218
Compensated absences payable	19,293	21,431	2,540	71,217	240,294
Claims payable	-	-	-	-	4,973,388
Net pension liability	2,708,735	2,357,491	1,095,207	3,449,751	16,451,516
Total other post-employment benefits liability	1,204,097	1,174,563	504,231	823,260	7,357,821
Total noncurrent liabilities:	3,934,125	4,555,602	1,601,978	4,344,228	51,870,167
Total liabilities	5,707,202	5,497,811	2,250,205	4,656,148	88,469,606
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows - leases	-	-	-	-	995,414
Deferred pension balances	105,221	72,393	39,079	50,760	549,152
Deferred other post employment benefits balances	366,186	385,281	102,477	217,820	2,027,385
Total deferred inflows of resources	471,407	457,674	141,556	268,580	3,571,951
NET POSITION:					
Net investment in capital assets	111,723	371,151	1,211,367	-	11,307,429
Restricted for capital acquisition	-	-	-	-	-
Unrestricted	(3,005,947)	(2,290,612)	(1,369,469)	(2,924,107)	(16,358,523)
Total net position	$ (2,894,224)	$ (1,919,461)	$ (158,102)	$ (2,924,107)	$ (5,051,094)

(concluded)

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit XXVIII

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund	Technology Services Fund
OPERATING REVENUES:					
Charges for goods and services	$ 15,294,987	$ 16,292,253	$ 32,451,669	$ 7,550,938	$ 20,352,249
Miscellaneous	84,541	2,795	3,542,730	536,483	186,925
Total operating revenues	15,379,528	16,295,048	35,994,399	8,087,421	20,539,174
OPERATING EXPENSES:					
Operating expenses before depreciation and amortization	14,894,719	16,266,291	37,191,947	7,887,363	17,163,983
Depreciation and amortization	48,726	214,882	-	-	4,069,166
Total operating expenses	14,943,445	16,481,173	37,191,947	7,887,363	21,233,149
Operating income (loss)	436,083	(186,125)	(1,197,548)	200,058	(693,975)
NONOPERATING REVENUES (EXPENSES):					
Investment revenue (loss)	13,247	223,171	219,936	101,321	314,986
Interest expense and fiscal charges	(4,113)	(294,988)	(455)	-	(244,755)
Gain on disposal of capital assets	-	20,500	-	-	4,377
Other non-operating expenses	-	-	(1,369)	-	-
Total non-operating revenues (expenses)	9,134	(51,317)	218,112	101,321	74,608
Income (loss) before contributions and transfers	445,217	(237,442)	(979,436)	301,379	(619,367)
Capital contributions	-	-	-	-	10,736
Transfers in	-	-	-	-	12,000
Transfers out	-	-	-	-	-
Total contributions and transfers	-	-	-	-	22,736
Change in net position	445,217	(237,442)	(979,436)	301,379	(596,631)
Net position at beginning of year	(551,594)	2,964,286	1,832,461	(4,664,170)	4,330,730
Total net position at end of year	$ (106,377)	$ 2,726,844	$ 853,025	$ (4,362,791)	$ 3,734,099

(continued on the following page)

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION (concluded)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit XXVIII

	Engineering Services Fund	Customer Service Fund	Facilities Fund	Environmental Services Fund	Total Internal Service Funds
OPERATING REVENUES:					
Charges for goods and services	$ 11,458,206	$ 8,719,206	$ 6,763,384	$ 4,642,991	$ 123,525,883
Miscellaneous	-	-	1,586	-	4,355,060
Total operating revenues	11,458,206	8,719,206	6,764,970	4,642,991	127,880,943
OPERATING EXPENSES:					
Operating expenses before depreciation and amortization	10,702,979	9,239,562	6,759,607	4,477,950	124,584,401
Depreciation and amortization	276,946	146,181	108,916	-	4,864,817
Total operating expenses	10,979,925	9,385,743	6,868,523	4,477,950	129,449,218
Operating income (loss)	478,281	(666,537)	(103,553)	165,041	(1,568,275)
NONOPERATING REVENUES (EXPENSES):					
Investment revenue (loss)	16,302	463,722	36,887	19,405	1,408,977
Interest expense and fiscal charges	(7,063)	(30,679)	(1,496)	-	(583,549)
Gain on disposal of capital assets	-	-	2,500	-	27,377
Other non-operating expenses	2,164	-	-	(35,579)	(34,784)
Total non-operating revenues (expenses)	11,403	433,043	37,891	(16,174)	818,021
Income (loss) before contributions and transfers	489,684	(233,494)	(65,662)	148,867	(750,254)
Capital contributions	-	-	-	-	10,736
Transfers in	-	-	-	-	12,000
Transfers out	-	-	-	(3,072,974)	(3,072,974)
Total contributions and transfers	-	-	-	(3,072,974)	(3,050,238)
Change in net position	489,684	(233,494)	(65,662)	(2,924,107)	(3,800,492)
Net position at beginning of year	(3,383,908)	(1,685,967)	(92,440)	-	(1,250,602)
Total net position at end of year	$ (2,894,224)	$ (1,919,461)	$ (158,102)	$ (2,924,107)	$ (5,051,094)

(concluded)

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit XXIX

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund	Technology Services Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 15,379,528	$ 16,341,854	$ 35,994,399	$ 8,087,421	$ 20,522,587
Cash paid to employees for services	(2,474,887)	(3,655,909)	-	(1,553,196)	(8,706,932)
Cash paid to suppliers	(12,591,656)	(14,591,712)	(37,828,875)	(4,801,086)	(7,362,855)
Net cash provided (used) by operations	312,985	(1,905,767)	(1,834,476)	1,733,139	4,452,800
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	-	-	-	-	-
Transfers in	-	-	-	-	12,000
Net cash provided (used) by noncapital financing activities	-	-	-	-	12,000
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Principal payments on capital debt	-	3,601,009	-	-	7,256,986
Interest and fiscal charges	(4,091)	(236,381)	-	-	437,933
Principal payments under capital lease obligation	-	-	-	-	(4,594,075)
Proceeds from lease financing	-	-	(1,825)	-	-
Proceeds from issuance of debt	-	(1,165,000)	-	-	158,014
Proceeds from capital contributions and transfers in	-	-	-	-	10,737
Proceeds from the sale of fixed assets	-	20,500	-	-	4,376
Acquisition of lease assets	-	-	-	-	-
Lease liability	-	-	1,825	-	-
Acquisition of Right-to-use assets	(56,309)	-	-	-	2,649,009
Acquisition and construction of capital assets	(76,535)	(1,856,711)	-	-	(2,771,393)
Net cash provided (used) by capital financing activities	(136,935)	363,417	-	-	3,151,587
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale and maturities of investment securities	2,114	4,761,051	4,353,558	168,239	(234,156)
Purchase of investment securities	-	(2,757,987)	(2,483,807)	(1,043,071)	(3,767,011)
Interest received on investments	11,133	189,823	224,532	89,205	215,339
Net cash provided (used) by investing activities	13,247	2,192,887	2,094,283	(785,627)	(3,785,828)
Net increase (decrease) in cash and cash equivalents	189,297	650,537	259,807	947,512	3,830,559
Cash and cash equivalents at beginning of year	385,940	1,730,210	1,329,435	315,529	973,263
Cash and cash equivalents at end of year	575,237	2,380,747	1,589,242	1,263,041	4,803,822
Investments, at fair value	-	3,543,780	2,365,616	1,880,057	7,150,567
Cash, cash equivalents and investments, at fair value	$ 575,237	$ 5,924,527	$ 3,954,858	$ 3,143,098	$ 11,954,389
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 436,083	$ (186,125)	$ (1,197,548)	$ 200,058	$ (693,975)
Adjustments:					
Depreciation and Amortization expense	48,726	214,882	-	-	4,069,166
Decrease (Increase) in receivables	-	46,806	-	-	80,766
Decrease (Increase) in interfund receivables	-	-	-	-	-
Decrease (Increase) in inventories	(5,078,166)	124,375	-	-	-
Decrease (Increase) in customer deposits	-	-	-	-	-
Decrease (Increase) in prepaid items	(8,116)	-	-	-	(2)
Increase in escrow deposits items	-	-	(40,000)	-	-
Increase (Decrease) in accounts payable	218,351	(2,110,320)	(596,928)	1,538,663	988,804
Increase (Decrease) in compensated absences	1,540	19,943	-	5,434	81,145
Increase in interfund payables	4,700,000	-	-	-	108,632
Increase in net pension balances	(27,537)	(40,864)	-	(17,703)	(140,850)
Increase in other post-employment benefit balances	22,104	25,536	-	6,687	56,467
Increase (Decrease) in lease deferred inflows	-	-	-	-	(97,353)
Total adjustments	(123,098)	(1,719,642)	(636,928)	1,533,081	5,146,775
Net cash provided (used) by operating activities	$ 312,985	$ (1,905,767)	$ (1,834,476)	$ 1,733,139	$ 4,452,800
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Increase (Decrease) in fair value of investments	-	51,948	37,832	16,670	59,299
Increase (Decrease) in equity due to non-cash transfers	-	-	-	-	-
Capital asset contributions	-	-	-	-	10,736
Right-to-use assets acquired through lease and SBITA Liabilities	122,370	-	-	-	777,878

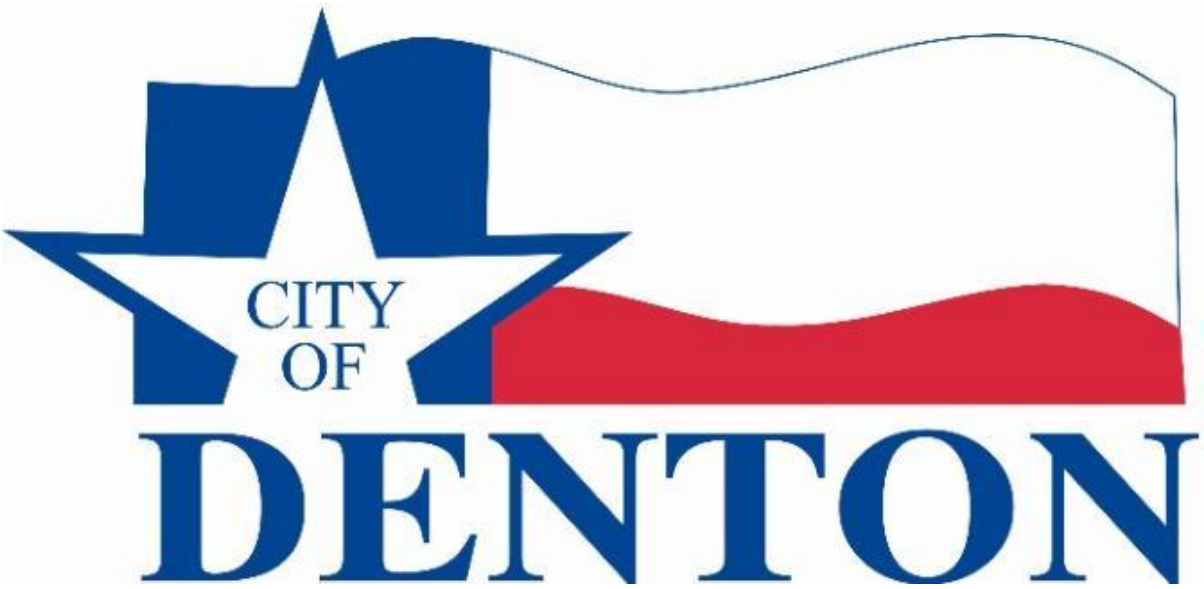
(continued on the following page)

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF CASH FLOWS (concluded)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit XXIX

	Engineering Services Fund	Customer Service Fund	Facilities Fund	Environmental Services Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 11,092,925	$ 8,719,206	$ 6,764,970	$ 4,642,991	$ 127,545,881
Cash paid to employees for services	(5,124,091)	(4,422,843)	(2,259,562)	(899,852)	$ (29,097,272)
Cash paid to suppliers	(5,613,648)	(4,803,110)	(4,194,711)	(184,146)	$ (91,971,799)
Net cash provided (used) by operations	355,186	(506,747)	310,697	3,558,993	6,476,810
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	-	-	-	(3,072,974)	(3,072,974)
Transfers in	-	-	-	-	12,000
Net cash provided (used) by noncapital financing activities	-	-	-	(3,072,974)	(3,060,974)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Principal payments on capital debt	-	(53,804)	-	-	10,804,191
Interest and fiscal charges	(7,063)	(30,848)	(1,496)	-	158,054
Principal payments under capital lease obligation	-	-	-	-	(4,594,075)
Proceeds from lease financing	-	-	-	-	(1,825)
Proceeds from issuance of debt	-	-	-	-	(1,006,986)
Proceeds from capital contributions and transfers in	-	-	-	-	10,737
Proceeds from the sale of fixed assets	2,164	-	2,500	-	29,540
Acquisition of lease assets	-	-	-	-	-
Lease liability	-	-	-	-	1,825
Acquisition of Right-to-use assets	(260,920)	(146,126)	(129,392)	-	2,056,262
Acquisition and construction of capital assets	-	53,816	(25,879)	-	(4,676,702)
Net cash provided (used) by capital financing activities	(265,819)	(176,962)	(154,267)	-	2,781,021
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale and maturities of investment securities	54,691	5,471,520	342,302	(132,150)	14,787,169
Purchase of investment securities	-	(4,984,599)	(395,432)	(166,290)	(15,598,197)
Interest received on investments	15,024	400,477	30,524	14,314	1,190,371
Net cash provided (used) by investing activities	69,715	887,398	(22,606)	(284,126)	379,343
Net increase (decrease) in cash and cash equivalents	159,082	203,689	133,824	201,893	6,576,200
Cash and cash equivalents at beginning of year	171,733	432,925	83,174	-	5,422,209
Cash and cash equivalents at end of year	330,815	636,614	216,998	201,893	11,998,409
Investments, at fair value	492,423	940,911	323,006	300,521	16,996,881
Cash, cash equivalents and investments, at fair value	$ 823,238	$ 1,577,525	$ 540,004	$ 502,414	$ 28,995,290
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 478,281	$ (666,537)	$ (103,553)	$ 165,041	$ (1,568,275)
Adjustments:					
Depreciation and Amortization expense	276,946	146,181	108,916	-	4,864,817
Decrease (Increase) in receivables	(459,815)	-	-	-	(332,243)
Decrease (Increase) in interfund receivables	-	-	-	-	-
Decrease (Increase) in inventories	-	-	-	-	(4,953,791)
Decrease (Increase) in customer deposits	-	-	-	-	-
Decrease (Increase) in prepaid items	-	-	-	-	(8,118)
Increase in escrow deposits items	-	-	-	-	(40,000)
Increase (Decrease) in accounts payable	(39,822)	(19,532)	291,856	226,504	497,576
Increase (Decrease) in compensated absences	32,905	32,074	45,866	156,633	375,540
Increase in interfund payables	94,534	-	-	-	4,903,166
Increase in net pension balances	(112,979)	(47,706)	(25,752)	2,157,314	1,743,923
Increase in other post-employment benefit balances	85,136	48,773	(6,636)	853,501	1,091,568
Increase (Decrease) in lease deferred inflows	-	-	-	-	(97,353)
Total adjustments	(123,095)	159,790	414,250	3,393,952	8,045,085
Net cash provided (used) by operating activities	$ 355,186	$ (506,747)	$ 310,697	$ 3,558,993	$ 6,476,810
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Increase (Decrease) in fair value of investments	5,977	13,232	3,388	1,753	190,099
Increase (Decrease) in equity due to non-cash transfers	-	-	-	-	-
Capital asset contributions	-	-	-	-	10,736
Right-to-use assets acquired through lease and SBITA Liabiliti	-	-	155,271	-	1,055,519

(concluded)


CITY
OF
DENTON

STATISTICAL SECTION

This part of the City of Denton's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. (Tables 1 – 4)

Revenue Capacity

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax. These tables do not include the Electric fund information due to confidentiality of information necessary for competitive rates. (Tables 5 – 8)

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current level of outstanding debt and the city's ability to issue additional debt in the future. (Tables 9 – 12)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place. (Tables 13 – 14)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs. (Tables 15 – 17)

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF DENTON, TEXAS **Table 1**
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets	$ 141,914,877	$ 145,309,987	$ 165,408,284	$ 194,210,730	$ 242,957,674
Restricted	13,215,421	13,736,624	14,530,908	21,654,948	30,348,748
Unrestricted	(8,775,520)	(3,620,580)	(6,509,698)	(19,332,607)	(39,525,390)
Total governmental activities net position	146,354,778	155,426,031	173,429,494	196,533,071	233,781,032
Business-type activities					
Net investment in capital assets	421,894,337	460,330,063	502,801,204	540,697,505	589,492,414
Restricted	25,356,458	8,892,547	11,516,207	20,209,408	32,678,917
Unrestricted	122,542,446	151,234,604	145,191,889	177,836,401	173,355,308
Total business-type activities net position	569,793,241	620,457,214	659,509,300	738,743,314	795,526,639
Primary government					
Net investment in capital assets	563,809,214	605,640,050	668,209,488	734,908,235	832,450,088
Restricted	38,571,879	22,629,171	26,047,115	41,864,356	63,027,665
Unrestricted	113,766,926	147,614,024	138,682,191	158,503,794	133,829,918
Total primary government net position	$ 716,148,019	$ 775,883,245	$ 832,938,794	$ 935,276,385	$ 1,029,307,671

(continued on the following page)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 1**
NET POSITION BY COMPONENT (concluded)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2020	2021	2022	2023	2024
Governmental activities					
Net investment in capital assets	$ 288,548,831	$ 324,398,859	$ 368,485,279	$ 394,899,297	444,564,361
Restricted	29,974,236	31,847,883	35,792,764	42,215,668	44,845,200
Unrestricted	(36,726,698)	(27,553,444)	2,815,218	9,172,313	12,734,966
Total governmental activities net position	281,796,369	328,693,298	407,093,261	446,287,278	502,144,527
Business-type activities					
Net investment in capital assets	661,996,500	716,242,869	773,134,073	820,950,533	884,537,640
Restricted	38,024,525	47,267,201	73,714,031	95,817,087	119,995,788
Unrestricted	162,312,209	183,575,000	219,065,186	186,026,842	168,790,588
Total business-type activities net position	862,333,234	947,085,070	1,065,913,290	1,102,794,462	1,173,324,016
Primary government					
Net investment in capital assets	950,545,331	1,040,641,728	1,141,619,352	1,215,849,830	1,329,102,001
Restricted	67,998,761	79,115,084	109,506,795	138,032,755	164,840,988
Unrestricted	125,585,511	156,021,556	221,880,404	195,199,155	181,525,554
Total primary government net position	$ 1,144,129,603	$ 1,275,778,368	$ 1,473,006,551	$ 1,549,081,740	$ 1,675,468,543

(concluded)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 2

	2015	2016	2017	2018	2019
EXPENSES					
Governmental activities:					
General government	$31,260,126	$33,847,052	$40,761,972	$37,968,945	$39,051,942
Public safety	58,132,146	63,118,516	68,546,557	71,945,219	77,883,435
Public works	20,331,934	24,557,482	24,994,628	25,683,779	24,502,864
Parks and recreation	14,982,742	16,043,697	16,792,417	17,422,273	17,710,634
Interest expense	4,384,973	4,664,608	4,970,968	5,379,149	6,750,917
Total governmental activities expenses	129,091,921	142,231,355	156,066,542	158,399,365	165,899,792
Business-type activities:					
Electric system	158,106,661	145,963,753	174,900,860	168,110,899	236,131,640
Water system	25,870,489	26,000,734	28,202,500	27,481,058	29,689,758
Wastewater system	24,307,305	23,921,154	26,730,157	26,284,049	28,317,484
Solid waste	26,766,890	29,435,101	34,532,856	29,028,299	30,541,859
Airport	2,100,281	2,536,460	1,930,767	1,802,703	2,017,380
Total business-type activities expenses	237,151,626	227,857,202	266,297,140	252,707,008	326,698,121
Total primary government expenses	366,243,547	370,088,557	422,363,682	411,106,373	492,597,913
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	5,364,405	6,015,305	5,266,777	6,489,438	6,460,483
Public safety	7,276,024	9,827,784	8,773,221	8,221,314	7,233,973
Public works	707,604	729,528	879,453	649,293	712,953
Parks and recreation	4,926,465	5,268,637	4,414,379	4,852,322	5,868,619
Operating grants and contributions	3,380,119	2,855,501	4,667,791	3,697,696	4,092,532
Capital grants and contributions	10,443,220	5,885,033	17,180,091	33,991,306	28,085,591
Total governmental activities program revenues	32,097,837	30,581,788	41,181,712	57,901,369	52,454,151
Business-type activities:					
Charges for services:					
Electric system	167,696,288	166,290,498	172,027,080	198,748,366	242,437,211
Water system	37,572,331	38,181,034	41,332,006	48,912,059	45,886,900
Wastewater system	30,790,885	31,900,885	33,360,603	35,594,624	35,042,110
Solid waste	29,091,216	31,236,506	33,847,593	33,590,463	34,670,519
Airport	1,277,402	1,183,661	1,495,619	1,625,672	1,397,581
Capital grants and contributions	8,593,699	7,705,101	20,347,889	20,519,510	16,039,076
Total business-type activities program revenues	275,021,821	276,497,685	302,410,790	338,990,694	375,473,397
Total primary government program revenues	307,119,658	307,079,473	343,592,502	396,892,063	427,927,548
NET (EXPENSE)/REVENUE					
Governmental activities	(96,994,084)	(111,649,567)	(114,884,830)	(100,497,996)	(113,445,641)
Business-type activities	37,870,195	48,640,483	36,113,650	86,283,686	48,775,276
Total primary government program net expense	$ (59,123,889)	$ (63,009,084)	$ (78,771,180)	$ (14,214,310)	$ (64,670,365)

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2015	2016	2017	2018	2019
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities:					
Taxes:					
Property tax	$54,174,965	$58,788,255	$64,348,754	$67,185,610	$71,351,314
Sales tax[1]	30,601,965	32,624,297	36,841,137	38,270,026	38,330,825
Franchise tax	21,996,031	22,659,014	24,211,081	26,007,002	26,160,639
Hotel occupancy tax	2,156,294	2,243,264	2,374,221	2,733,720	3,039,747
Beverage tax	573,758	597,284	617,662	632,217	661,823
Bingo tax	20,380	18,910	13,633	11,244	11,445
Investment income	759,334	1,019,594	1,330,008	1,937,579	6,093,100
Gain (Loss) on sale of capital assets	707,966	498,265	192,583	188,958	95,760
Miscellaneous	1,220,060	1,087,504	2,042,274	4,700,466	3,930,285
Transfers	1,140,938	1,184,433	916,940	(1,104,290)	1,018,664
Total governmental activities	113,351,691	120,720,820	132,888,293	140,562,532	150,693,602
Business-type activities:					
Investment income	1,692,971	2,010,008	3,471,635	4,083,560	9,026,713
Gain (Loss) on sale of capital assets	42,455	1,197,915	383,741	240,740	-
Miscellaneous	-	-	-	-	-
Transfers	(1,140,938)	(1,184,433)	(916,940)	1,104,290	(1,018,664)
Total business-type activities	594,488	2,023,490	2,938,436	5,428,590	8,008,049
Total primary government	113,946,179	122,744,310	135,826,729	145,991,122	158,701,651
CHANGE IN NET POSITION					
Governmental activities	16,357,607	9,071,253	18,003,463	40,064,536	37,247,961
Business-type activities	38,464,683	50,663,973	39,052,086	91,712,276	56,783,325
Total primary government	$ 54,822,290	$ 59,735,226	$ 57,055,549	$ 131,776,812	$ 94,031,286

(continued on the following page)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 2

	2020	2021	2022	2023	2024
EXPENSES					
Governmental activities:					
General government	$37,921,928	$37,401,990	$40,369,454	$53,383,319	$57,475,453
Public safety	82,119,480	82,678,373	87,970,791	104,695,335	112,543,358
Public works	26,049,847	24,800,411	25,489,369	39,086,849	27,466,868
Parks and recreation	15,759,371	19,295,206	22,787,282	28,096,065	29,842,466
Interest expense	6,757,736	7,380,293	8,571,877	10,198,425	12,698,504
Total governmental activities expenses	168,608,362	171,556,273	$185,188,773	$235,459,993	240,026,649
Business-type activities:					
Electric system	195,306,979	307,772,345	270,421,754	364,624,498	286,616,552
Water system	32,013,603	28,428,703	35,891,682	41,005,645	34,825,913
Wastewater system	31,018,019	32,247,857	36,814,363	41,810,385	46,815,012
Solid waste	32,370,675	32,734,938	34,117,196	38,049,052	41,283,128
Airport	1,706,646	1,674,412	2,437,563	2,421,380	2,680,904
Total business-type activities expenses	292,415,922	402,858,255	379,682,558	487,910,960	412,221,509
Total primary government expenses	461,024,284	574,414,528	564,871,331	723,370,953	652,248,158
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	8,007,187	8,038,235	12,705,349	9,008,753	8,485,270
Public safety	5,234,958	5,788,122	5,640,947	6,364,307	6,189,289
Public works	1,177,961	775,279	804,751	784,136	527,218
Parks and recreation	3,022,162	4,150,336	6,052,680	7,547,307	8,286,101
Operating grants and contributions	8,991,320	8,607,304	9,545,392	10,623,546	13,042,489
Capital grants and contributions	34,911,879	23,945,640	34,406,757	27,351,806	35,255,951
Total governmental activities program revenues	61,345,467	51,304,916	69,155,876	61,679,855	71,786,318
Business-type activities:					
Charges for services:					
Electric system	217,111,983	342,640,914	293,811,955	329,513,796	271,665,456
Water system	47,125,123	50,670,242	65,873,478	65,514,614	56,737,921
Wastewater system	36,146,835	38,393,521	46,616,569	47,276,024	46,691,611
Solid waste	36,142,207	37,635,030	40,574,676	39,176,607	40,606,704
Airport	1,286,479	1,586,333	2,239,264	1,896,148	1,896,686
Capital grants and contributions	16,374,066	18,282,891	52,663,359	28,042,612	35,948,742
Total business-type activities program revenues	354,186,693	489,208,931	501,779,301	511,419,801	453,547,120
Total primary government program revenues	415,532,160	540,513,847	570,935,177	573,099,656	525,333,438
NET (EXPENSE)/REVENUE					
Governmental activities	(107,262,895)	(120,251,357)	(116,032,897)	(173,780,138)	(168,240,331)
Business-type activities	61,770,771	86,350,676	122,096,743	23,508,841	41,325,611
Total primary government program net expense	$ (45,492,124)	$ (33,900,681)	$ 6,063,846	$ (150,271,297)	$ (126,914,720)

(continued on the following page)

CITY OF DENTON, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 2

	2020	2021	2022	2023	2024
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION (concluded)					
Governmental activities:					
Taxes:					
Property tax	$75,431,860	$78,243,553	$79,552,638	$92,185,668	$106,555,772
Sales tax[1]	39,337,834	45,404,857	53,264,724	55,906,340	57,074,842
Franchise tax	29,503,569	32,047,074	38,132,032	39,963,334	34,985,074
Hotel occupancy tax	2,142,483	3,074,942	3,684,534	2,894,816	2,965,129
Beverage tax	440,766	511,326	671,493	707,315	703,199
Bingo tax	13,527	14,681	15,119	16,581	13,628
Investment income	2,999,094	326,158	(973,108)	11,029,848	17,015,328
Gain on sale of capital assets	103,796	(16,435)	564,787	-	265,262
Miscellaneous	4,008,679	5,566,698	7,534,118	6,253,238	5,389,536
Transfers	1,296,624	1,975,432	2,913,731	4,017,015	(870,190)
Total governmental activities	155,278,232	167,148,286	$185,360,068	$212,974,155	$224,097,580
Business-type activities:					
Investment income	6,099,964	264,722	(646,799)	17,370,180	27,497,468
Gain on sale of capital assets	232,484	111,870	292,007	19,166	836,285
Miscellaneous	-	-	-	-	-
Transfers	(1,296,624)	(1,975,432)	(2,913,731)	(4,017,015)	870,190
Total business-type activities	5,035,824	(1,598,840)	(3,268,523)	13,372,331	29,203,943
Total primary government	160,314,056	165,549,446	182,091,545	226,346,486	253,301,523
CHANGE IN NET POSITION					
Governmental activities	48,015,337	46,896,929	69,327,171	39,194,017	55,857,249
Business-type activities	66,806,595	84,751,836	118,828,220	36,881,172	70,529,554
Total primary government	$ 114,821,932	$ 131,648,765	$ 188,155,391	$ 76,075,189	$ 126,386,803

(concluded)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 3**
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019
General fund					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Reserved for encumbrances	-	-	-	-	-
Unreserved, designated	-	-	-	-	-
Committed to streets	-	-	-	-	-
Assigned to use of reserves	-	99,365	-	1,398,704	160,606
Unassigned	27,365,168	28,070,483	31,770,773	28,918,681	30,578,238
Total general fund	27,365,168	28,169,848	31,770,773	30,317,385	30,738,844
All other governmental funds					
Restricted for:					
Debt Service	4,791,880	4,893,032	5,409,144	5,529,483	5,453,180
Public Works	-	-	-		
Parks and recreation	14,288,659	13,553,834	10,599,568	9,153,654	12,723,077
Streets and drainage projects	42,537,941	46,511,509	51,149,305	82,702,916	75,897,954
Other capital projects	10,603,695	13,512,733	18,544,086	21,984,608	20,271,843
Other grants and purposes	3,218,466	3,319,230	4,104,036	7,158,843	7,171,142
Committed to:					
Streets	1,388,223	1,798,624	1,158,667	4,495,971	5,965,815
Parks and recreation	513,484	498,150	439,825	520,852	549,415
Other purposes	4,430,392	5,500,983	6,889,093	3,150,491	3,779,944
Assigned to:					
Streets and drainage projects	2,214,613	3,430,681	7,897,077	10,591,478	10,867,803
Use of reserves	-	-	-	-	-
Other capital projects	1,666,029	3,728,955	6,945,492	7,440,133	8,907,816
Other purposes	49,630	74,558	59	59	61
Unassigned	(73,857)	(242,338)	(2,942,377)	(943,930)	(782,684)
Total all other governmental funds	$ 85,629,155	$ 96,579,951	$ 110,193,975	$ 151,784,558	$ 150,805,366

(continued on the following page)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 3**
FUND BALANCES OF GOVERNMENTAL FUNDS (concluded)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2020	2021	2022	2023	2024
General fund					
Nonspendable	$ 5,184	$ -	$ -	$ -	$ -
Reserved for encumbrances	-	-	-	-	-
Unreserved, designated	-	-	-	-	-
Committed to streets	-	-	-	-	-
Assigned to use of reserves	-	-	-	-	-
Unreserved, undesignated, unassigned	33,777,027	38,499,992	45,459,406	44,600,382	42,077,084
Total general fund	33,782,211	38,499,992	45,459,406	44,600,382	42,077,084
All other governmental funds					
Restricted for:					
Debt Service	5,325,062	4,680,742	2,411,532	1,138,403	1,410,137
Public Works			-	-	-
Parks and recreation	17,586,279	15,765,777	12,511,791	13,649,187	64,377,599
Streets and drainage projects	75,037,095	58,709,209	59,426,096	48,306,398	65,009,955
Other capital projects	30,142,806	69,314,699	70,482,880	84,667,842	115,961,534
Other grants and purposes	5,704,555	4,771,982	4,974,681	4,955,475	5,770,039
Committed to:					
Streets	9,340,552	12,817,321	11,104,916	17,804,149	17,289,104
Parks and recreation	555,629	418,155	53,516	60,000	250,698
Other purposes	3,361,851	4,902,548	6,605,432	12,454,606	16,180,625
Assigned to:					
Streets and drainage projects	4,231,795	8,402,327	16,492,913	16,382,349	21,860,247
Use of reserves	-	-	-	-	-
Other capital projects	7,459,112	10,610,950	9,044,538	9,677,154	7,077,752
Other purposes	181	271	610	750	850
Unassigned	(987,611)	(809,536)	(507,144)	(407,514)	(1,741,955)
Total all other governmental funds	$ 157,757,306	$ 189,584,445	$ 192,601,761	$ 208,688,799	$ 313,446,585

(concluded)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 4**
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019
REVENUES:					
Taxes:					
Property tax	$ 54,230,541	$ 58,802,856	$ 64,317,641	$ 67,055,807	$ 71,393,395
Sales tax	30,601,965	32,624,297	36,841,137	38,270,026	38,330,825
Hotel occupancy tax	2,156,294	2,243,264	2,374,221	2,733,720	3,039,748
Beverage tax	573,758	597,284	617,662	632,217	661,823
Bingo tax	20,380	18,910	13,633	11,244	11,445
Licenses and permits	2,782,395	3,106,162	3,016,697	3,739,691	3,889,820
Franchise fees	21,996,031	22,659,014	24,211,081	26,007,002	26,160,639
Fines and forfeitures	6,505,175	6,433,158	6,039,401	5,539,793	5,147,203
Fees for services	9,391,260	10,927,305	10,395,166	10,536,817	11,583,743
Investment revenue	759,334	1,019,594	1,330,008	1,937,579	6,093,100
Intergovernmental	10,236,689	5,217,302	9,647,977	30,518,141	22,477,192
Miscellaneous	1,387,127	1,347,258	2,382,708	5,053,082	5,043,652
Total revenues	140,640,949	144,996,404	161,187,332	192,035,119	193,832,585
EXPENDITURES:					
General government	29,277,275	31,024,356	31,330,757	32,800,175	35,528,063
Public safety	55,978,174	59,067,019	61,156,694	66,355,282	71,257,658
Public works	12,439,131	11,604,966	15,871,804	14,710,211	14,579,218
Parks and recreation	13,277,516	13,987,694	14,140,518	14,671,894	15,221,092
Capital outlay	23,712,400	25,966,695	38,191,803	54,829,949	64,835,885
Debt service:					
Principal retirement	11,918,983	13,390,576	14,351,487	15,429,697	16,904,637
Advance refunding escrow	120,519	147,687	103,950	-	-
Bond issuance costs	181,409	154,948	171,252	284,181	142,226
Interest and other charges	4,647,528	5,246,925	5,819,949	6,561,442	8,146,969
Total expenditures	151,552,935	160,590,866	181,138,214	205,642,831	226,615,748
Excess (deficiency) of revenues over (under) expenditures	(10,911,986)	(15,594,462)	(19,950,882)	(13,607,712)	(32,783,163)
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	14,290,000	12,045,000	10,850,000	-	-
Payment to refunded bond escrow agent	(15,604,758)	(14,075,445)	(11,358,665)	-	-
Issuance of long-term debt	29,240,000	22,780,000	33,405,000	56,960,000	25,870,000
Premium on debt issuance	3,214,914	4,317,817	3,077,360	3,206,728	2,006,343
Insurance recoveries	-	30,624	86,992	18,135	88,954
Proceeds of capital lease	-	150,155	-	-	-
Sale of capital assets	715,685	530,054	236,068	226,025	17,033
Transfers in	4,557,824	8,164,575	10,856,904	15,083,695	14,477,744
Transfers (out)	(3,071,594)	(6,592,842)	(9,987,828)	(21,749,676)	(10,234,644)
Total other financing sources (uses)	33,342,071	27,349,938	37,165,831	53,744,907	32,225,430
NET CHANGE IN FUND BALANCES	$ 22,430,085	$ 11,755,476	$ 17,214,949	$ 40,137,195	$ (557,733)
Debt service as a percentage of noncapital expenditures	13.0%	13.8%	14.1%	14.6%	15.5%

Source: Annual Comprehensive Financial Reports

(continued on the following page)

CITY OF DENTON, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (concluded)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 4

	2020	2021	2022	2023	2024
REVENUES:					
Taxes:					
Property tax	$ 75,413,501	$ 78,109,665	$ 79,552,638	$ 91,905,213	106,615,248
Sales tax	39,337,834	45,404,857	53,264,724	55,906,340	57,074,842
Hotel occupancy tax	2,142,483	3,074,942	3,684,534	2,894,816	2,965,129
Beverage tax	440,766	511,326	671,493	707,315	703,199
Bingo tax	13,527	14,681	15,119	16,581	13,628
Licenses and permits	5,225,128	5,939,320	9,058,717	6,049,752	5,561,811
Franchise fees	29,503,569	32,047,074	38,132,032	39,963,334	34,985,074
Fines and forfeitures	2,621,002	1,590,416	2,158,848	2,418,953	2,746,442
Fees for services	10,328,261	12,072,118	13,911,934	15,361,361	15,747,807
Investment revenue	2,999,094	326,158	(973,108)	11,029,848	17,015,328
Intergovernmental	31,907,490	23,014,733	21,757,882	28,857,990	31,875,443
Miscellaneous	4,049,419	5,756,438	7,797,900	6,599,451	5,389,536
Total revenues	203,982,074	207,861,728	229,032,713	261,710,954	280,693,487
EXPENDITURES:					
General government	33,242,486	34,002,983	36,260,036	43,404,684	45,235,515
Public safety	77,408,797	81,849,916	88,147,676	98,603,496	109,475,264
Public works	14,018,054	13,657,700	13,524,895	14,754,929	14,438,782
Parks and recreation	13,118,332	16,756,062	20,035,827	23,961,050	26,404,586
Capital outlay	86,392,357	80,873,532	110,971,677	100,357,577	102,098,775
Debt service:					
Principal retirement	17,929,324	19,768,191	21,768,842	22,555,789	24,920,000
Advance refunding escrow	-	-	55,186	178,390	64,381
Bond issuance costs	180,870	277,307	638,700	493,070	870,902
Interest and other charges	8,368,163	8,973,021	10,748,455	12,754,569	14,929,102
Total expenditures	250,658,383	256,158,712	302,151,294	317,063,554	338,437,307
Excess (deficiency) of revenues over (under) expenditures	(46,676,309)	(48,296,984)	(73,118,581)	(55,352,600)	(57,743,820)
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	2,490,000	1,415,000	2,145,000	9,300,000	3,100,000
Payment to refunded bond escrow agent	(2,973,354)	(1,691,409)	(2,203,141)	(10,156,875)	(3,430,365)
Issuance of long-term debt	49,205,000	75,600,000	63,960,000	60,075,000	145,220,000
Premium on debt issuance	6,250,067	7,098,821	5,255,571	6,811,509	12,513,152
Insurance recoveries	-		-	-	-
Proceeds of capital lease	-		-	-	-
Sale of capital assets	148,586	326,682	568,128	205,726	384,737
Transfers in	13,868,308	16,349,953	21,970,594	33,908,741	19,372,214
Transfers (out)	(12,316,991)	(14,257,143)	(17,947,311)	(29,563,487)	(17,181,430)
Total other financing sources (uses)	56,671,616	84,841,904	73,748,841	70,580,614	159,978,308
NET CHANGE IN FUND BALANCES	$ 9,995,307	$ 36,544,920	$ 630,260	$ 15,228,014	$ 102,234,488
Debt service as a percentage of noncapital expenditures	16.0%	16.4%	17.0%	16.3%	16.9%

Source: Annual Comprehensive Financial Reports

(concluded)

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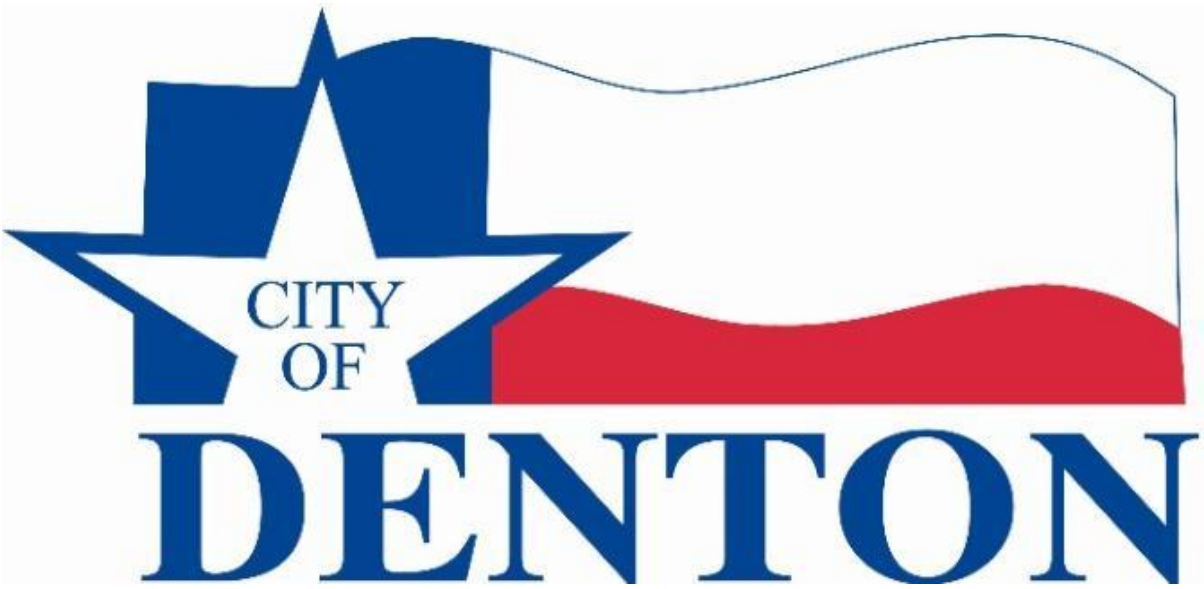
CITY OF DENTON, TEXAS **Table 5**
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Personal Property	Less: Tax-Exempt Property	Less: Frozen Value[1]	Total Taxable Assessed Value[2]	Total Direct Tax Rate
2015	8,285,049,321	1,329,999,883	1,817,871,596	-	7,797,177,608	0.68975
2016	8,989,650,946	1,332,290,743	1,858,794,929	-	8,463,146,760	0.68975
2017	9,784,179,133	1,429,040,012	2,040,968,652	-	9,172,250,493	0.68334
2018	11,218,394,767	1,497,275,644	2,298,809,194	-	10,416,861,217	0.63786
2019	12,399,345,379	1,376,428,125	2,348,204,604	112,974,494	11,314,594,406	0.62048
2020	13,680,931,478	1,807,156,540	2,698,699,972	177,067,782	12,612,320,264	0.59045
2021	14,719,186,349	1,653,546,317	2,805,813,775	162,157,709	13,404,761,182	0.59045
2022	15,921,269,742	1,713,104,985	2,994,660,048	263,774,952	14,375,939,727	0.56582
2023	19,253,046,715	1,863,342,050	4,134,344,027	417,132,301	16,564,912,437	0.56068
2024	22,759,562,750	2,115,805,342	5,265,927,302	634,046,001	18,975,394,789	0.56068

Source: Denton Central Appraisal District

[1]**Fiscal year 2019 marks the first year of the Over 65/Disabled tax limitation (freeze).**
[2]**Total Taxable Assessed Value from 2015-2024 include the Downtown and West Park TIRZ's.**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CITY OF DENTON, TEXAS **Table 6**
PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE)
DIRECT AND OVERLAPPING[1] GOVERNMENTS
LAST TEN FISCAL YEARS

	City of Denton			Overlapping Rates		
					School Districts	
Fiscal Year	Operating Rate	Debt Service Rate	Total Direct Rate	Denton County	Denton Independent School District	Argyle Independent School District
2015	0.48119	0.20856	0.68975	0.272200	1.54000	1.570050
2016	0.47456	0.21519	0.68975	0.262000	1.54000	1.570050
2017	0.46674	0.21660	0.68334	0.248409	1.54000	1.570050
2018	0.43031	0.20755	0.63786	0.237812	1.54000	1.585050
2019	0.40543	0.21505	0.62048	0.225574	1.54000	1.585050
2020	0.38536	0.20509	0.59045	0.225278	1.47000	1.508000
2021	0.38036	0.21009	0.59045	0.224985	1.40760	1.418700
2022	0.35044	0.21537	0.56581	0.233086	1.36200	1.400000
2023	0.35643	0.20425	0.56068	0.217543	1.34460	1.397600
2024	0.35478	0.20590	0.56068	0.189485	1.15920	1.212200

(continued on the following page)

Source: Denton County Tax Office
Denton County Central Appraisal District

[1]**Overlapping rates are those of the school district and county government that apply to property owners within the City of Denton.**

CITY OF DENTON, TEXAS **Table 6**
PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE) (concluded)
DIRECT AND OVERLAPPING[1] GOVERNMENTS
LAST TEN FISCAL YEARS

	Overlapping Rates					
	School Districts					
Fiscal Year	Aubrey Independent School District	Krum Independent School District	Pilot Point Independent School District	Ponder Independent School District	Sanger Independent School District	Total Direct & Overlapping Rates (Range)
2015	1.510000	1.540000	1.370000	1.380800	1.372067	2.331950 - 2.532000
2016	1.510000	1.540000	1.370000	1.387500	1.372067	2.321750 - 2.521800
2017	1.510000	1.540000	1.370000	1.467840	1.372067	2.301749 - 2.501799
2018	1.510000	1.540000	1.370000	1.467790	1.372067	2.245668 - 2.460718
2019	1.590000	1.540000	1.370000	1.467790	1.372067	2.216051 - 2.436051
2020	1.568350	1.391830	1.268350	1.467780	1.308350	2.084082 - 2.384082
2021	1.508700	1.345082	1.218600	1.464180	1.197643	2.013078 - 2.324135
2022	1.460300	1.344930	1.160300	1.407780	1.142300	1.941196 - 2.259196
2023	1.442900	1.417500	1.211660	1.347700	1.410600	1.989883 - 2.221123
2024	1.257500	1.232100	1.026260	1.242300	1.147400	1.776427 - 2.007667

(concluded)

Source: Denton County Tax Office
Denton County Central Appraisal District

[1]**Overlapping rates are those of the school district and county government that apply to property owners within the City of Denton.**

CITY OF DENTON, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Table 7

2024			2015		
Name of Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value[1]	Name of Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value[2]
PACCAR Inc. (Peterbilt)	$113,169,010	0.60%	Columbia Medical Center of Denton (Denton Regional Hospital)	$92,209,540	1.18%
Columbia Medical Center of Denton (Medical City Denton)	87,500,889	0.46%	PACCAR Inc (Peterbilt)	92,014,123	1.18%
Trdwind Timberlinks Borrower LLC	81,000,000	0.43%	Target Corporation (Distribution Center)	56,082,415	0.72%
32 Hundred Windsor Gardens LP & JRM Windsor LLC & GRC	73,750,000	0.39%	Denton Fry LLC (Fry Street Village apartments)	51,167,423	0.66%
NREA Gardens, DST	70,150,000	0.37%	Inland Western Crossing (Denton Crossing)	50,684,356	0.65%
Winco Foods LLC	70,000,000	0.37%	Cypress Denton Station LTD (Forum at Denton Station Apartments)	45,936,000	0.59%
Exeter Denton Land LP	67,975,309	0.36%	RR Marketplace LP (Rayzor Ranch North Shopping Center)	35,910,782	0.46%
North Texas Development PFC	67,538,470	0.36%	HRA University Courtyard LLC (University Courtyard Apartments)	31,855,383	0.41%
RR Town Center Associates LLC	66,256,402	0.35%	Flowers Baking Company of Denton LLC	29,332,172	0.38%
Westdale Carriage Square LTD	64,179,000	0.34%	Verizon Southwest (Telephone Company)	28,236,000	0.36%
Total	$ 761,519,080	4.01%	Total	$ 513,428,194	6.58%

Source: Denton Central Appraisal District

[1]Total taxable assessed value for tax year 2023 (fiscal year 2024) is $18,975,394,789

[2]Total taxable assessed value for tax year 2014 (fiscal year 2015) is $7,797,177,608

CITY OF DENTON, TEXAS **Table 8**
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Fiscal Year	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2015	53,829,793	53,503,029	99.39%	171,611	2015	53,674,640	99.71%
2016	58,634,172	58,280,013	99.40%	268,784	2016	58,548,797	99.85%
2017	64,030,255	63,702,954	99.49%	203,321	2017	63,906,275	99.81%
2018	66,830,333	66,493,774	99.50%	202,356	2018	66,696,130	99.80%
2019	70,914,567	70,345,941	99.20%	349,563	2019	70,695,504	99.69%
2020	75,040,101	74,711,122	99.56%	133,684	2020	74,844,806	99.74%
2021	77,955,896	77,539,353	99.47%	45,100	2021	77,584,453	99.52%
2022	79,440,823	79,125,105	99.60%	28,880	2022	79,153,985	99.64%
2023	91,758,521	91,245,193	99.44%	(301,857)	2023	90,943,336	99.11%
2024	106,515,412	106,029,051	99.54%	-	2024	106,029,051	99.54%

Source: Denton County Tax Assessor

CITY OF DENTON, TEXAS **Table 9**
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities				Business-Type Activities		
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Premiums, Discounts	Other Obligations	Revenue Bonds	General Obligation Bonds	Certificates of Obligation
2015	95,019,058	41,590,000	6,039,823	2,079,227	63,340,000	108,585,942	359,375,000
2016	109,861,174	34,565,000	9,250,779	1,373,230	-	141,063,826	416,465,000
2017	118,267,663	49,285,000	10,994,176	498,062	214,890,000	127,677,337	467,620,000
2018	127,647,935	81,200,000	12,515,724	4,171	214,890,000	111,347,065	447,050,000
2019	135,507,957	83,560,000	12,749,386	-	214,890,000	118,682,043	414,890,000
2020	150,187,533	99,295,000	17,024,883	-	207,310,000	121,872,467	396,900,000
2021	193,376,855	115,145,000	22,123,885	-	341,330,000	110,803,145	437,255,000
2022	236,288,240	118,055,000	24,952,600	-	332,955,000	99,701,760	506,945,000
2023	258,005,000	134,630,000	28,677,480	-	320,520,000	111,900,000	573,285,000
2024	328,400,000	193,855,000	38,270,941	-	339,010,000	124,070,000	689,255,000

(continued on the following page)

Source: Annual Comprehensive Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF DENTON, TEXAS **Table 9**
RATIO OF OUTSTANDING DEBT BY TYPE (concluded)
LAST TEN FISCAL YEARS

Fiscal Year	Business-Type Activities		Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
	Premiums, Discounts	Other Obligations			
2015	27,564,104	-	703,593,154	0.02359%	5,723.67
2016	38,514,641	-	751,093,650	0.02494%	5,994.94
2017	69,029,540	-	1,058,261,778	0.03176%	8,230.50
2018	61,504,481	-	1,056,157,358	0.03044%	7,965.29
2019	56,877,139	-	1,037,156,525	0.02752%	7,574.52
2020	57,094,682	-	1,049,684,565	0.02558%	7,446.90
2021	56,775,507	-	1,276,809,392	0.02930%	8,655.45
2022	57,106,692	-	1,376,004,292	0.02882%	9,288.16
2023	58,873,414	-	1,485,890,894	0.02929%	9,882.42
2024	66,772,551		1,779,633,492	0.02888%	11,453.87

(concluded)

Source: Annual Comprehensive Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]See Table 13 for personal income and population data.

CITY OF DENTON, TEXAS **Table 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

	General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Premiums, Discounts	Less: Amounts Available in Debt Service Fund	Total	Percentage of Taxable Value of Property[1]	Per Capita[2]
2015	203,605,000	400,965,000	33,414,816	4,260,793	633,724,023	8.13%	5,155.29
2016	250,925,000	451,030,000	47,765,420	4,314,370	745,406,050	8.81%	5,949.54
2017	245,945,000	516,905,000	49,644,634	4,666,797	807,827,837	8.81%	6,282.78
2018	238,995,000	528,250,000	46,011,204	4,773,267	808,482,937	7.76%	6,097.39
2019	254,190,000	498,450,000	43,987,604	4,627,301	792,000,303	7.00%	5,784.11
2020	272,060,000	496,195,000	50,850,724	4,515,678	814,590,046	6.46%	5,779.04
2021	304,180,000	552,400,000	57,917,029	3,416,922	911,080,107	6.80%	6,176.19
2022	335,990,000	625,000,000	63,275,504	735,796	1,023,529,708	7.12%	6,908.93
2023	369,905,000	707,915,000	70,873,311	-	1,148,693,311	6.93%	7,639.77
2024	452,470,000	883,110,000	90,375,001	-	1,425,955,001	7.51%	9,177.57

Source: Annual Comprehensive Financial Reports

(continued on the following page)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]See Table 5 for property value data.

[2]See Table 13 for population data.

[3]In 2010, the City began issuing Certificates of Obligation not only for general government purposes which are repaid by property taxes, but also for utility related projects of the City. The Certificates of Obligation issued for utility purposes are repaid from the specific utility fund as revenue supported for which the debt was issued.

CITY OF DENTON, TEXAS **Table 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING (concluded)
LAST TEN FISCAL YEARS

	Tax Supported General Bonded Debt Outstanding			
Fiscal Year	Less: Revenue Supported Debt[3]	Net Tax Supported Debt	Percentage of Actual Taxable Value of Property	Per Capita[2]
2015	495,335,935	138,388,088	1.77%	1,125.77
2016	596,043,467	149,362,583	1.76%	1,192.15
2017	633,947,795	173,880,042	1.90%	1,352.33
2018	591,892,545	216,590,392	2.08%	1,633.47
2019	564,810,261	227,190,042	2.01%	1,659.21
2020	552,598,308	261,991,738	2.08%	1,858.68
2021	583,851,289	327,228,818	2.44%	2,218.27
2022	644,969,664	378,560,044	2.63%	2,555.32
2023	727,380,831	421,312,480	2.54%	2,802.08
2024	865,429,060	560,525,941	2.95%	3,607.59
				(concluded)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]**See Table 5 for property value data.**

[2]**See Table 13 for population data.**

[3]**In 2010, the City began issuing Certificates of Obligation not only for general government purposes which are repaid by property taxes, but also for utility related projects of the City. The Certificates of Obligation issued for utility purposes are repaid from the specific utility fund as revenue supported for which the debt was issued.**

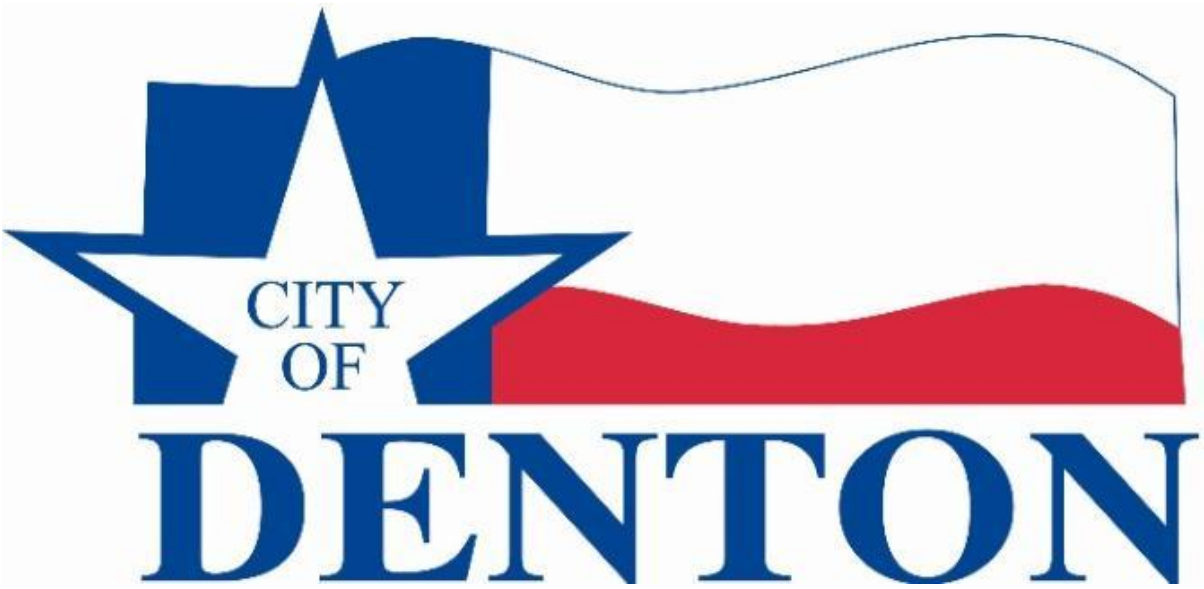
CITY OF DENTON, TEXAS **Table 11**
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton Independent School District	$ 2,104,582,488	56.62%	$ 1,191,614,605
Denton County	673,670,000	11.80%	79,493,060
Argyle Independent School District	401,287,099	6.34%	25,441,602
Aubrey Independent School District	347,661,976	0.00%	-
Krum Independent School District	130,957,000	5.50%	7,202,635
Lake Dallas Independent School District	164,904,158	0.09%	148,414
Pilot Point Independent School District	44,680,000	0.00%	-
Ponder Independent School District	65,705,000	6.72%	4,415,376
Sanger Independent School District	140,076,699	0.20%	280,153
Subtotal, overlapping debt			1,308,595,845
City of Denton, direct debt			560,525,941
Total direct and overlappping debt			$ 1,869,121,786
Ratio of direct and overlapping funded debt to the City's taxable assessed valuation			9.85%
Per capita overlapping funded debt			12,030

Source: Hilltop

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Denton. This process recognizes that, when considering the City of Denton's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[1]The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Denton's boundaries and dividing it by the overlapping government's total taxable assessed value.


CITY
OF
DENTON

CITY OF DENTON, TEXAS **Table 12**
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

	Utility System[1] Revenue Bonds					
Fiscal Year	Operating Revenue	Investment Revenue	Less: Fair Market Value Adjustment to Investment Revenue[2]	Impact Fee Revenue[3]	Less: Operating Expenses Before Depreciation	Add: Franchise Fees and Return on Investment Paid to General Fund[4]
2015	229,583,483	1,512,820	156,230	6,476,021	175,131,645	16,356,904
2016	229,086,008	1,772,813	(132,432)	7,286,409	163,392,323	17,027,566
2017	239,310,663	3,150,469	(737,238)	7,409,026	182,455,762	18,215,432
2018	271,387,844	3,599,667	(707,351)	11,867,205	177,438,191	20,089,862
2019	311,420,814	7,852,695	2,174,835	11,945,407	236,743,123	20,527,742
2020	286,680,979	5,338,527	829,978	13,702,962	189,987,335	24,520,095
2021	412,377,440	187,087	(1,341,742)	25,932,237	324,977,625	26,874,761
2022	376,384,805	(657,831)	(3,694,366)	29,917,197	284,659,394	32,247,525
2023	413,929,415	15,594,049	1,415,261	28,375,018	367,025,471	32,044,452
2024	357,994,571	24,162,387	3,467,055	-	298,525,400	29,522,169

(continued on the following page)

Source: Annual Comprehensive Financial Reports

[1]The Utility System includes the Electric, Water, and Wastewater funds.

[2]For the coverage calculation, the fair market adjustment to the value of investments is excluded.

[3]Determined to exclude impact fees from gross revenues starting FY2024

[4]For the coverage calculation, franchise fees and return on investment payments to the General Fund are excluded from operating expenses.

[5]Revenue bond covenants required a times coverage of 1.25 or greater through fiscal year 2016. Starting in fiscal year 2017, revenue bond convenants require a times coverage of 1.00 or greater.

[6]Total times coverage provided to assess total bond debt related to the Utility System.

CITY OF DENTON, TEXAS **Table 12**
PLEDGED REVENUE COVERAGE (concluded)
LAST TEN FISCAL YEARS

	Utility System[1] Revenue Bonds							
		Revenue Bond Debt			Certificate of Obligation & General Obligation Bond Debt			
Fiscal Year	Net Available Revenue	Principal	Interest	Times Coverage[5]	Principal	Interest	Times Coverage	Total Times Coverage[6]
2015	78,641,353	10,210,000	2,551,456	6.16	15,535,000	14,115,713	2.65	1.85
2016	91,912,905	10,210,000	2,551,456	7.20	18,800,000	18,258,583	2.48	1.84
2017	86,367,066	-	3,680,389	23.47	25,495,000	21,419,293	1.84	1.71
2018	130,213,738	-	10,685,000	12.19	31,035,000	22,962,237	2.41	2.01
2019	112,828,700	-	10,685,000	10.56	34,805,000	21,067,832	2.02	1.70
2020	139,425,250	7,580,000	10,495,500	7.71	36,710,000	19,938,154	2.46	1.87
2021	141,735,642	7,970,000	10,106,250	7.84	35,170,000	18,529,486	2.64	1.97
2022	156,926,668	8,375,000	12,195,668	7.63	35,105,000	19,372,176	2.88	2.09
2023	121,502,202	12,435,000	12,860,259	4.80	33,488,899	22,746,710	2.16	1.49
2024	109,686,672	12,905,000	12,395,313	4.34	34,285,000	25,589,934	1.83	1.29

(concluded)

Source: Annual Comprehensive Financial Reports

[1]The Utility System includes the Electric, Water, and Wastewater funds.

[2]For the coverage calculation, the fair market adjustment to the value of investments is excluded.

[3]Determined to exclude impact fees from gross revenues starting FY2024

[4]For the coverage calculation, franchise fees and return on investment payments to the General Fund are excluded from operating expenses.

[5]Revenue bond covenants required a times coverage of 1.25 or greater through fiscal year 2016. Starting in fiscal year 2017, revenue bond convenants require a times coverage of 1.00 or greater.

[6]Total times coverage provided to assess total bond debt related to the Utility System.

CITY OF DENTON, TEXAS **Table 13**
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Population[1]	Personal Income	Per Capita Income[2]	Median Age[2]	Grade School Enrollment[3]	University Enrollment[4]	Unemployment Rate[5]
2015	122,927	2,982,209,020	24,260	27.9	27,473	49,665	3.4%
2016	125,288	3,011,547,656	24,037	28.4	28,658	50,809	3.5%
2017	128,578	3,332,098,870	25,915	28.5	29,433	50,911	3.1%
2018	132,595	3,469,348,175	26,165	29.1	30,219	51,100	3.1%
2019	136,927	3,768,094,113	27,519	29.9	30,973	52,368	2.8%
2020	140,956	4,103,088,204	29,109	29.1	30,319	48,064	6.5%
2021	147,515	4,357,298,070	29,538	29.5	32,068	51,193	5.6%
2022	148,146	4,773,856,704	32,224	29.5	32,632	57,092	3.2%
2023	150,357	5,073,496,251	33,743	31.1	32,973	59,639	4.0%
2024	155,374	6,162,288,214	39,661	32.0	33,335	58,928	3.8%

Sources:

[1]City of Denton Planning and Development Department estimate.

[2]United States Census and Denton Chamber of Commerce

[3]Denton Independent School District

[4]University of North Texas' and Texas Woman's University's Denton campus enrollment

[5]Texas Workforce Commission estimate

CITY OF DENTON, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Table 14

2024			2015		
Name of Employer	Employees	Percentage of Total City Employment	Name of Employer	Employees	Percentage of Total City Employment
University of North Texas	8,891	13.24%	University of North Texas	8,738	13.51%
Denton Independent School District	4,000	5.96%	Denton Independent School District	3,800	5.87%
Peterbilt Motors-Headquarters & Plant	2,000	2.98%	Peterbilt Motors-Headquarters & Plant	2,100	3.25%
Denton County (in Denton)	1,987	2.96%	Denton State School	1,700	2.63%
City of Denton	1,900	2.83%	Texas Woman's University	1,672	2.58%
Denton State Supported Living Center	1,727	2.57%	Denton County (in Denton)	1,581	2.44%
Texas Presbyterian Hospital	1,100	1.64%	City of Denton	1,508	2.33%
Texas Woman's Univerity	1,077	1.60%	Federal Emergency Management Agency	1,100	1.70%
Medical City Denton	799	1.19%	Presbyterian Hospital of Denton	1,076	1.66%
Safran Electrical & Power	571	0.85%	Denton Regional Medical Center	950	1.47%
Total	24,052	35.82%	Total	24,225	37.44%

Source: Office of Economic Development & Denton Chamber of Commerce

CITY OF DENTON, TEXAS **Table 15**
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function / Program	2015	2016	2017	2018	2019
General government	218.75	229.75	224.75	224.25	226.50
Public safety					
Police	228.23	230.23	249.73	253.73	239.73
Fire	168.25	177.25	184.25	191.25	194.25
Animal services	13.00	13.00	14.00	14.00	16.50
Municipal Court/Judge	19.00	19.00	18.00	17.00	15.50
Public Safety Communication	-	-	-	-	30.00
Public works	49.50	54.50	61.00	60.00	55.00
Parks and recreation	145.81	148.48	157.73	157.73	163.93
Electric system	174.00	188.00	191.00	199.00	187.00
Water system	140.50	144.50	151.50	149.00	105.50
Wastewater system	108.75	111.25	111.25	110.00	113.50
Solid waste	120.00	124.50	132.50	132.50	122.50
Airport	7.50	7.50	6.50	6.00	6.00
Materials management	15.00	16.00	17.00	18.00	23.00
Fleet services	22.00	24.00	24.00	23.00	26.00
Technology services	36.00	36.00	43.00	44.00	56.75
Engineering	34.00	34.00	35.00	36.00	52.00
Risk Retention	8.00	8.00	9.00	9.00	10.00
Customer Service	-	-	-	-	42.50
Environmental Services	-	-	-	-	-
Facilities Management	-	-	-	-	-
Total	1,508.29	1,565.96	1,630.21	1,644.46	1,686.16

(continued on the following page)

Source: City of Denton Budget Office

[1]**Public Safety Communication moved out of Police in fiscal year 2019 into**

CITY OF DENTON, TEXAS **Table 15**
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

Function / Program	2020	2021	2022	2023	2024
General government	216.25	264.12	295.54	252.63	261.88
Public safety					
Police	258.23	265.73	274.23	289.23	291.23
Fire	197.25	199.25	208.25	223.25	235.25
Animal services	20.00	20.00	22.00	22.00	25.00
Judge[2]	15.75	12.75	2.75	2.75	2.75
Public Safety Communication[1]	33.50	41.50	40.50	42.50	42.50
Public works	56.00	55.00	51.00	110.72	53.00
Parks and recreation[3]	164.63	115.92	121.68	122.68	182.90
Electric system	189.00	173.00	173.00	185.00	188.00
Water system	107.50	104.50	112.50	119.50	110.00
Wastewater system	125.00	108.50	107.50	106.50	101.00
Solid waste	128.00	126.00	128.00	135.00	133.00
Airport	6.00	5.00	6.00	7.50	7.50
Materials management	26.50	23.50	24.00	24.00	23.00
Fleet services	26.00	26.00	27.00	31.00	32.00
Technology services	61.75	57.00	61.00	65.00	69.00
Engineering	51.00	45.00	45.00	52.00	55.00
Risk Retention	10.00	8.00	8.00	12.00	13.00
Customer Service	45.00	43.00	52.00	56.50	61.50
Environmental Services	-	-	-	-	32.50
Facilities Management	20.50	17.00	16.00	16.00	20.00
Total	1,757.86	1,710.77	1,775.95	1,875.76	1,940.01

(concluded)

Source: City of Denton Budget Office

[1]**Public Safety Communication moved out of Police in fiscal year 2019 into its own department.**

[2]**Muncipal Court moved into Finance in 2021.**

[3]**Parks Leisure Services moved from Public Works to Parks and recreation in 2024.**

CITY OF DENTON, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 16

	Fiscal Year				
Function / Program	2015	2016	2017	2018	2019
Public Safety					
Police					
Calls for service	84,434	86,399	87,122	81,672	87,847
Traffic citations issued	22,022	20,207	22,323	20,251	22,747
Fire					
Fire calls for service	3,933	4,511	4,651	4,978	3,502
EMS calls for service	8,079	8,943	9,687	9,876	9,130
Inspections (Businesses)	4,066	4,361	3,988	4,142	3,537
Animal Services					
Animals sheltered	4,876	5,032	4,944	4,924	5,027
Animals adopted, transferred, or returned	3,870	4,468	4,203	4,236	4,065
Public Works					
Street repaving (lane miles)	18.21	25.69	28.36	32.01	16.89
Pot holes repaired	11,872	15,254	16,972	6,228	6,658
Cutouts base failures (square feet)	99,085	152,002	95,601	328,022	72,819
Crack seal maintenance (linear feet)	59,115	37,828	119,611	438,240	47,908
Parks and Recreation					
Attendance					
Leisure Services	967,132	1,007,102	1,082,246	1,166,987	1,000,918
Water Park	218,232	224,893	232,527	210,171	218,326
Total Acres Maintained	2,469	2,511	2,206	2,245	1,990
Water					
Number of customers	33,465	34,198	34,714	35,945	36,876
Annual finished water production (in thousand gallons)	6,355,608	6,301,333	6,368,582	7,141,131	6,706,951
Wastewater					
Number of customers	31,243	32,077	32,618	33,987	34,873
Annual wastewater discharge (in thousand gallons)	5,834,100	6,111,680	5,175,571	4,548,900	5,335,150
Solid Waste					
Monthly average number of customers (residential and commercial)	37,540	39,806	41,219	42,499	43,256
MSW Landfilled (tons)	227,859	251,305	268,000	276,537	310,487
Recycling collections (tons)	81,558	113,743	117,155	105,493	48,025

(continued on the following page)

Source: Various city departments

CITY OF DENTON, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

Table 16

Function / Program	Fiscal Year 2020	2021	2022	2023	2024
Public Safety					
Police					
Calls for service	90,583	115,209	129,202	128,987	135,892
Traffic citations issued	10,896 [2]	7,067	9,441	11,014	14,562
Fire					
Fire calls for service	4,421	5,079	7,307	8,457	7,745
EMS calls for service	12,091	15,001	13,127	13,566	14,917
Inspections (Businesses)	2,982	2,889	3,305	5,277	5,172
Animal Services					
Animals sheltered	4,059	4,431	4,605	4,605	5,485
Animals adopted, transferred, or returned	3,671	3,842	3,056	3,056	4,456
Public Works					
Street repaving (lane miles)	11.66	12.91	9.42	4.26	28.79
Pot holes repaired	4,837	6,803	3,404	3,447	814
Cutouts base failures (square feet)	160,661 [1]	202,879	75,745	44,030	83,014
Crack seal maintenance (linear feet)	- [1]	134,573	64,680	79,200	38,280 [3]
Parks and Recreation					
Attendance					
Leisure Services	421,364 [2]	213,843	721,552	767,427	898,929
Water Park	- [2]	71,749	74,245	77,759	110,364
Total Acres Maintained	2,081	5,810	6,826	7,219	7,627
Water					
Number of customers	38,082	39,118	39,494	42,038	44,913
Annual finished water production (in thousand gallons)	7,178,384	6,887,601	8,140,324	8,726,106	8,518,458 [4]
Wastewater					
Number of customers	35,922	36,589	36,562	39,103	41,354
Annual wastewater discharge (in thousand gallons)	5,237,560	5,261,440	4,821,020	5,203,010	5,309,677
Solid Waste					
Monthly average number of customers (residential and commercial)	44,736	46,103	50,683	43,584	42,426
MSW Landfilled (tons)	401,563	437,100	458,395	345,462	341,196
Recycling collections (tons)	35,680	38,827	37,208	38,352	38,683

(concluded)

Source: Various city departments

[1] The City did less route and seal of the concrete pavement and more clean and seal of asphalt pavement during the year. The drop in # of cutouts and crack seal maintenance was due to resources being allocated to other projects and programs.

[2] These numbers were impacted from the COVID19 pandemic. The Water Park did not open during this year.

[3] The City started only sending a crew out once a week to work on potholes as opposed to have a dedicated crew to potholes.

[4] Implemented an irrigation schedule in FY23-24.

CITY OF DENTON, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 17

Function / Program	2015	2016	2017	2018	2019
Public safety					
Police					
Police stations	1	1	1	1	1
Police patrol units	137	141	147	155	168
Fire					
Fire stations	7	7	7	7	7
Emergency vehicles	32	36	36	37	37
Animal services					
Animals shelters	1	1	1	1	1
Public works					
Lane miles added per year	5.83	8.11	22.45	22.64	85.60
Streetlights	7,164	7,233	7,414	7,771	7,889
Parks and recreation					
Parks	34	34	34	34	34
Parks and open spaces acreage	1,783	2,284	2,284	2,245	4,033
Recreation centers	12	12	12	12	12
Water					
Water mains (miles)	604	618	626	631	631
Raw water (in thousand gallons)	6,493,457	6,182,450	6,232,032	6,946,073	6,473,664
Wastewater					
Wastewater mains (miles)	516	521	526	533	533
Maximum daily capacity (in million gallons)	25	25	25	25	25
Solid waste					
Landfills	1	1	1	1	1

(continued on the following page)

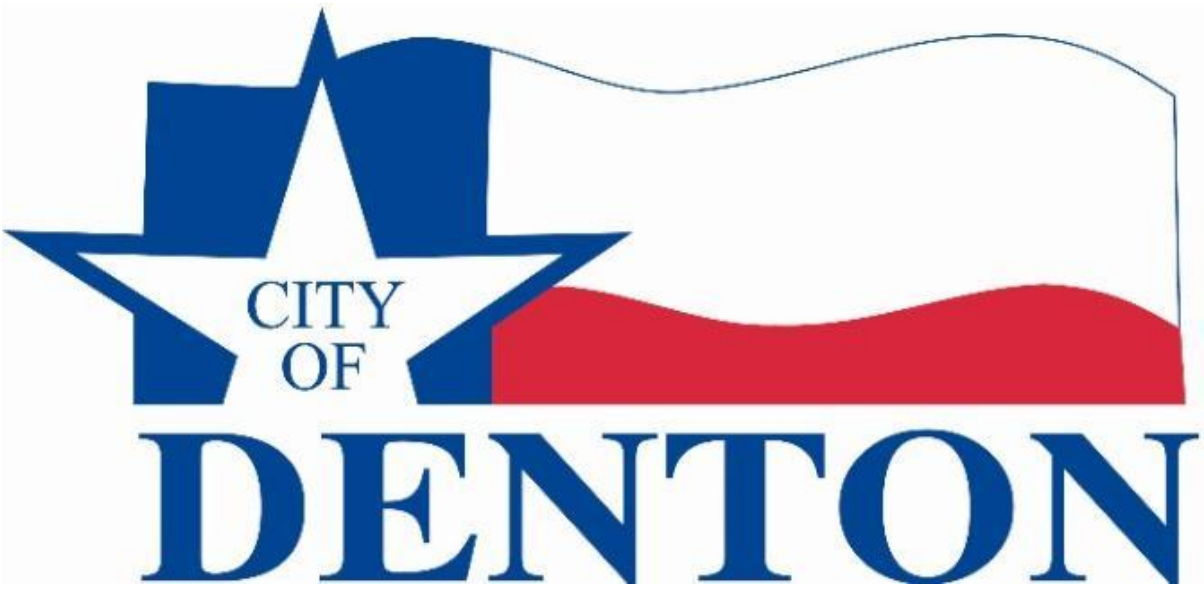
Source: Various city departments

CITY OF DENTON, TEXAS **Table 17**
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

Function / Program	2020	2021	2022	2023	2024
Public safety					
Police					
Police stations	1	1	1	1	1
Police patrol units	169	181	250	284	260
Fire					
Fire stations	7	8	8	8	9
Emergency vehicles	34	42	105	119	101
Animal services					
Animals shelters	1	1	1	1	1
Public works					
Lane miles added per year	23.49	42.65	39.24	8.99	5.61
Streetlights	8,199	9,051	8,036	8,036	9,776
Parks and recreation					
Parks	38	38	38	41	43
Parks and open spaces acreage	3,906	5,025	5,895	5613	5820
Recreation centers	12	12	12	12	13
Water					
Water mains (miles)	642	676	665	699	699
Raw water (in thousand gallons)	6,760,814	6,790,254	7,988,110	8,726,000	8,518,000
Wastewater					
Wastewater mains (miles)	528	544	568	561	596
Maximum daily capacity (in million gallons)	25	25	25	21	21
Solid waste					
Landfills	1	1	1	1	1

(concluded)

Source: Various city departments


CITY
OF
DENTON

CITY OF DENTON, TEXAS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit XXX

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	$ 2,734,150	$ 2,734,150	$ 2,927,913	$ (193,763)
Materials and Supplies	26,482	26,482	31,093	(4,611)
Maintenance and Repairs	-	-	-	-
Insurance	32,626	32,626	31,029	1,597
Miscellaneous	215,775	215,775	200,752	15,023
Operations, Services	220,320	304,070	324,607	(20,537)
Transfers - Interfund	165,183	165,183	154,299	10,884
Capital Outlay	-	-	-	-
City Manager's Office	3,394,536	3,478,286	3,669,693	(191,407)
Personnel Services	433,129	433,129	514,591	(81,462)
Materials and Supplies	600	600	1,340	(740)
Maintenance and Repairs	-	-	-	-
Insurance	9,120	9,120	8,674	446
Miscellaneous	1,000	1,000	1,478	(478)
Operations, Services	57,001	57,001	55,341	1,660
Transfers - Interfund	36,541	36,541	34,134	2,407
Fixed Assets	-	-	-	-
Cable Television	537,391	537,391	615,558	(78,167)
Personnel Services	553,378	553,378	583,104	(29,726)
Materials and Supplies	3,000	3,000	2,352	648
Maintenance and Repairs	-	-	-	-
Insurance	7,770	7,770	7,390	380
Miscellaneous	-	-	-	-
Operations, Services	147,015	147,015	136,980	10,035
Transfers - Interfund	44,544	44,544	41,609	2,935
Fixed Assets	-	-	-	-
Internal Audit	755,707	755,707	771,435	(15,728)
Personnel Services	1,220,587	1,220,587	1,008,324	212,263
Materials and Supplies	243,000	243,000	120,009	122,991
Maintenance and Repairs	-	-	-	-
Insurance	22,331	22,331	21,238	1,093
Miscellaneous	-	-	-	-
Operations, Services	585,742	501,992	293,715	208,277
Transfers - Interfund	115,446	115,446	107,840	7,606
Fixed Assets	-	-	-	-
Public Communications	2,187,106	2,103,356	1,551,126	552,230
Personnel Services	2,685,864	2,685,864	2,520,359	165,505
Materials and Supplies	27,900	20,100	20,979	(879)
Maintenance and Repairs	500	500	1,590	(1,090)
Insurance	40,627	40,627	38,638	1,989
Miscellaneous	52,500	58,800	56,112	2,688
Operations, Services	770,826	772,326	742,995	29,331
Transfers - Interfund	353,571	353,571	327,871	25,700
Fixed Assets	2,500	2,500	-	2,500
Human Resources	3,934,288	3,934,288	3,708,544	225,744
Personnel Services	3,243,565	3,243,565	3,006,482	237,083
Materials and Supplies	67,783	67,783	57,109	10,674
Maintenance and Repairs	-	-	-	-
Insurance	36,828	36,828	35,025	1,803
Miscellaneous	-	-	-	-
Operations, Services	199,655	199,655	125,465	74,190
Transfers - Interfund	139,878	139,878	130,662	9,216
Fixed Assets	-	-	-	-
Legal Administration	3,687,709	3,687,709	3,354,743	332,966

(continued on the following page)

CITY OF DENTON, TEXAS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit XXX

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	574,038	574,038	595,354	(21,316)
Materials and Supplies	18,176	4,576	1,829	2,747
Maintenance and Repairs	-	-	-	-
Insurance	39,080	39,080	37,167	1,913
Miscellaneous	-	-	-	-
Operations, Services	15,685	15,685	13,525	2,160
Transfers - Interfund	67,101	80,701	76,280	4,421
Fixed Assets	-	-	-	-
Municipal Judge	714,080	714,080	724,155	(10,075)
Personnel Services	3,023,175	3,023,175	2,663,760	359,415
Materials and Supplies	25,228	25,228	66,364	(41,136)
Maintenance and Repairs	-	-	475	(475)
Insurance	45,695	45,695	43,459	2,236
Miscellaneous	43,181	43,181	1,603	41,578
Operations, Services	192,644	182,514	129,522	52,992
Transfers - Interfund	160,080	170,210	159,664	10,546
Fixed Assets	10,400	10,400	-	10,400
Planning	3,500,403	3,500,403	3,064,847	435,556
Personnel Services	3,712,525	3,704,525	3,738,859	(34,334)
Materials and Supplies	51,162	51,162	28,642	22,520
Maintenance and Repairs	-	-	-	-
Insurance	71,398	71,398	67,903	3,495
Miscellaneous	-	-	-	-
Operations, Services	131,676	139,676	146,226	(6,550)
Transfers - Interfund	190,590	190,590	178,034	12,556
Fixed Assets	7,500	7,500	-	7,500
Building Inspections	4,164,851	4,164,851	4,159,664	5,187
Personnel Services	-	-	-	-
Materials and Supplies	-	-	-	-
Maintenance and Repairs	-	-	-	-
Insurance	-	-	-	-
Miscellaneous	-	-	-	-
Operations, Services	-	-	866	(866)
Transfers - Interfund	-	-	-	-
Fixed Assets	-	-	-	-
Gas Well Review	-	-	866	(866)
Personnel Services	753,140	753,140	764,527	(11,387)
Materials and Supplies	17,345	18,345	12,008	6,337
Maintenance and Repairs	-	-	-	-
Insurance	1,822	1,822	1,733	89
Miscellaneous	-	300	220	80
Operations, Services	156,780	155,480	79,444	76,036
Transfers - Interfund	-	-	-	-
Fixed Assets	-	-	-	-
Community Improvement	929,087	929,087	857,932	71,155

(continued on the following page)

CITY OF DENTON, TEXAS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit XXX

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	1,148,591	1,148,591	1,107,703	40,888
Materials and Supplies	43,000	43,000	24,777	18,223
Maintenance and Repairs	-	-	-	-
Insurance	27,464	27,464	26,120	1,344
Miscellaneous	800	800	503	297
Operations, Services	43,850	43,850	25,652	18,198
Transfers - Interfund	237,256	237,256	221,625	15,631
Fixed Assets	-	-	-	-
Municipal Court	1,500,961	1,500,961	1,406,380	94,581
Personnel Services	4,001,504	4,001,504	3,689,870	311,634
Materials and Supplies	58,920	58,570	24,816	33,754
Maintenance and Repairs	1,800	1,800	901	899
Insurance	67,751	67,751	64,434	3,317
Miscellaneous	3,010	3,010	2,623	387
Operations, Services	249,273	249,623	275,717	(26,094)
Transfers - Interfund	894,263	894,263	835,346	58,917
Fixed Assets	-	-	-	-
Finance	5,276,521	5,276,521	4,893,707	382,814
Personnel Services	763,968	763,968	642,381	121,587
Materials and Supplies	19,667	19,667	9,246	10,421
Maintenance and Repairs	600	600	-	600
Insurance	9,452	9,452	8,989	463
Miscellaneous	42,900	42,900	42,481	419
Operations, Services	4,683,127	4,683,127	5,236,821	(553,694)
Transfers - Interfund	60,124	60,124	56,163	3,961
Fixed Assets	-	-	-	-
Economic Development	5,579,838	5,579,838	5,996,081	(416,243)
Personnel Services	14,816,840	14,816,840	14,478,551	338,289
Materials and Supplies	1,688,172	1,684,256	1,645,120	39,136
Maintenance and Repairs	990,642	919,861	815,437	104,424
Insurance	494,566	494,566	470,354	24,212
Miscellaneous	414,894	414,894	362,614	52,280
Operations, Services	5,633,664	5,647,986	5,909,169	(261,183)
Transfers - Interfund	2,429,397	2,562,356	1,937,643	624,713
Fixed Assets	-	3,916	97,179	(93,263)
Parks & Recreation	26,468,175	26,544,675	25,716,067	828,608
Personnel Services	1,497,106	1,497,106	1,380,757	116,349
Materials and Supplies	-	-	44	(44)
Maintenance and Repairs	-	8,000	13,482	(5,482)
Insurance	17,906	17,906	17,029	877
Miscellaneous	1,290	1,290	1,618	(328)
Operations, Services	120,000	112,000	177,043	(65,043)
Transfers - Interfund	64,402	64,402	60,159	4,243
Fixed Assets	2,500	2,500	-	2,500
Development Review	1,703,204	1,703,204	1,650,132	53,072
Personnel Services	4,703,166	4,703,166	4,873,277	(170,111)
Materials and Supplies	158,557	152,570	136,602	15,968
Maintenance and Repairs	59,587	61,987	59,426	2,561
Insurance	152,729	152,729	145,253	7,476
Miscellaneous	-	-	-	-
Operations, Services	600,236	606,841	581,699	25,142
Transfers - Interfund	678,357	678,357	621,474	56,883
Fixed Assets	487,067	484,049	484,024	25
Capital Outlay				-
Library	6,839,699	6,839,699	6,901,755	(62,056)

(continued on the following page)

CITY OF DENTON, TEXAS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit XXX

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	1,162,696	1,162,696	1,095,790	66,906
Materials and Supplies	27,275	27,275	17,483	9,792
Maintenance and Repairs	963,275	963,275	876,064	87,211
Insurance	55,728	55,728	53,000	2,728
Miscellaneous	2,400	2,400	56	2,344
Operations, Services	143,698	143,698	191,209	(47,511)
Transfers - Interfund	651,226	651,226	621,498	29,728
Fixed Assets	-	-	51,770	(51,770)
Traffic Operations	3,006,298	3,006,298	2,906,870	99,428
Operations, Services	900,000	900,000	959,852	(59,852)
Street Lighting	900,000	900,000	959,852	(59,852)
Personnel Services	45,255,716	45,255,716	46,645,787	(1,390,071)
Materials and Supplies	794,073	696,217	611,101	85,116
Maintenance and Repairs	11,150	15,150	4,658	10,492
Insurance	1,679,093	1,679,093	1,596,897	82,196
Miscellaneous	269,792	291,623	280,292	11,331
Operations, Services	1,799,232	1,912,757	2,064,079	(151,322)
Transfers - Interfund	4,390,749	4,399,249	4,111,715	287,534
Fixed Assets	-	-	25,877	(25,877)
Police	54,199,805	54,249,805	55,340,406	(1,090,601)
Personnel Services	2,145,056	2,145,056	2,346,296	(201,240)
Materials and Supplies	117,750	117,750	244,255	(126,505)
Maintenance and Repairs	10,000	10,000	14,118	(4,118)
Insurance	79,031	79,031	75,162	3,869
Miscellaneous	1,500	1,500	77	1,423
Operations, Services	897,114	897,114	959,172	(62,058)
Transfers - Interfund	222,331	222,331	207,683	14,648
Animal Services	3,472,782	3,472,782	3,846,763	(373,981)
Personnel Services	33,869,204	33,869,204	36,809,106	(2,939,902)
Materials and Supplies	945,604	945,604	997,620	(52,016)
Maintenance and Repairs	193,162	193,162	140,529	52,633
Insurance	1,185,388	1,185,388	1,127,361	58,027
Miscellaneous	94,330	94,330	47,398	46,932
Operations, Services	2,647,462	2,647,462	2,860,201	(212,739)
Transfers - Interfund	1,640,512	1,640,512	1,532,430	108,082
Fixed Assets	74,000	74,000	2,605	71,395
Fire	40,649,662	40,649,662	43,517,250	(2,867,588)

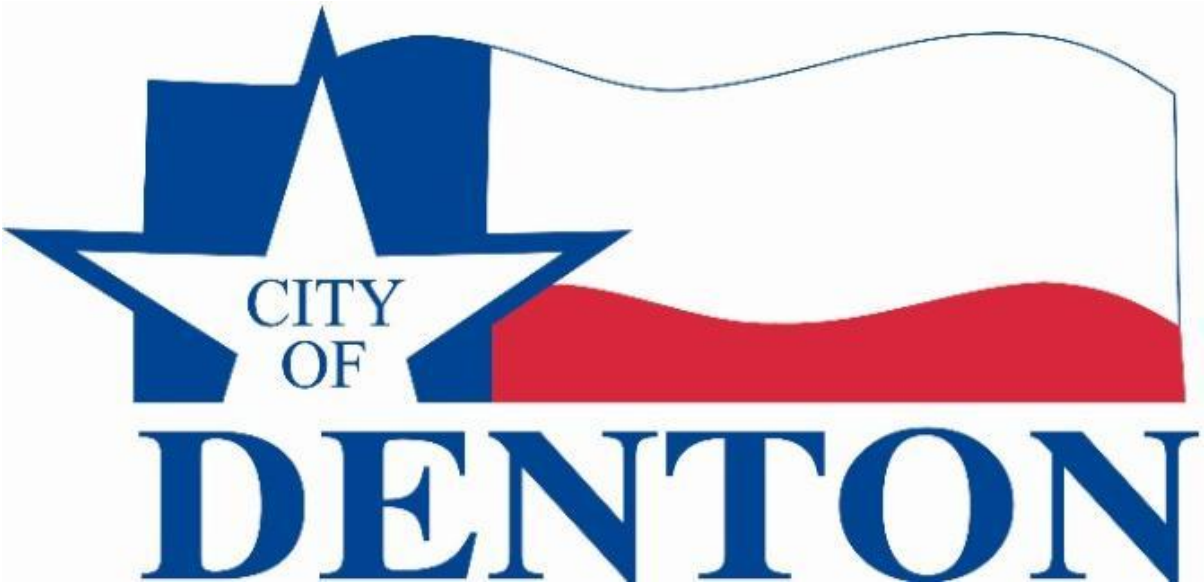
(continued on the following page)

CITY OF DENTON, TEXAS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (concluded)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Exhibit XXX

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	1,086,643	1,086,643	1,039,100	47,543
Materials and Supplies	12,100	12,100	10,357	1,743
Maintenance and Repairs	-	-	-	-
Insurance	32,800	32,800	31,194	1,606
Miscellaneous	1,950,097	1,950,097	1,664,359	285,738
Operations, Services	55,484	55,484	68,315	(12,831)
Transfers - Interfund	107,261	107,261	100,195	7,066
Fixed Assets	-	-	-	-
Agency Contributions	3,244,385	3,244,385	2,913,520	330,865
Personnel Services	(1,270,846)	(1,270,846)	85,102	(1,355,948)
Materials and Supplies	40,000	36,666	3,738	32,928
Maintenance and Repairs	116,588	(2,478)	-	(2,478)
Insurance	13,326	13,326	12,674	652
Miscellaneous	20,000	142,400	158,609	(16,209)
Operations, Services	1,870,877	1,679,377	1,981,362	(301,985)
Transfers - Interfund	11,615,131	11,680,131	8,312,080	3,368,051
Fixed Assets	18,000	18,000	-	18,000
Administrative Cost				-
Miscellaneous/Finance	12,423,076	12,296,576	10,553,565	1,743,011
Personnel Services	128,113,195	128,105,195	132,516,993	(4,411,798)
Materials and Supplies	4,385,794	4,253,951	4,066,884	187,067
Maintenance and Repairs	2,347,304	2,171,857	1,926,680	245,177
Insurance	4,122,531	4,122,531	3,920,723	201,808
Miscellaneous	3,113,469	3,264,300	2,820,795	443,505
Operations, Services	22,121,361	22,054,733	23,338,977	(1,284,244)
Transfers - Interfund	24,263,943	24,494,132	19,828,404	4,665,728
Fixed Assets	601,967	602,865	661,455	(58,590)
Administrative Cost	-		-	-
TOTAL GENERAL FUND	$ 189,069,564.00	$ 189,069,564.00	$ 189,080,911.00	$ (11,347.00)

(concluded)


CITY
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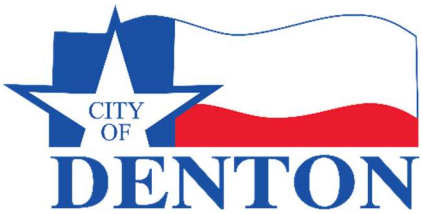
DENTON



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City of Denton, Texas

Federal and State Single Audit Reports
Year Ended September 30, 2024

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2300 North Field Street, Suite 1000
Dallas, Texas 75201
972-490-1970

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and
Members of the City Council
of the City of Denton, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Denton, Texas, (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented. or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Honorable Mayor and
Members of the City Council
of the City of Denton, Texas

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 19, 2025

2300 North Field Street, Suite 1000
Dallas, Texas 75201
972-490-1970

Independent Auditor's Report on Compliance for Each Major Federal and State Program, Report on Internal Control over Compliance, and Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas Grant Management Standards

The Honorable Mayor and
Members of the City Council
of the City of Denton, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited City of Denton, Texas (the City)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and Texas Grant Management Standards (TxGMS) issued by the Texas Comptroller of Public Accounts Statewide Procurement Division that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2024. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Texas Grant Management Standards (TxGMS). Our responsibilities under those standards, the Uniform Guidance, and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal and state programs.

The Honorable Mayor and
Members of the City Council
of the City of Denton, Texas

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Honorable Mayor and
Members of the City Council
of the City of Denton, Texas

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and TxGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and TxGMS

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 19, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and TxGMS and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 19, 2025

AUDIT ToC

City of Denton, Texas

Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2024

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D.NUMBER	FEDERAL ASSISTANCE LISTING NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
FEDERAL AWARDS				
U.S. Department of Housing and Urban Development				
Community Development Block Grant	B-20-MC-48-0036	14.218	$ 15,762	$ -
Community Development Block Grant	B-21-MC-48-0036	14.218	91,921	74,728
Community Development Block Grant	B-22-MC-48-0036	14.218	42,126	-
COVID-19 - Community Development Block Grant CARES	B-23-MC-48-0036	14.218	911,458	96,101
Subtotal - CDBG - Entitlement Grants Cluster			1,061,267	170,829
Home Investment Partnerships Program	M-22-MC-48-0223	14.239	7,287	-
Home Investment Partnerships Program	M-23-MC-48-0223	14.239	262,674	211,342
ARP Home Investment Partnerships Program	M-21-MP-48-0223	14.239	249,674	248,028
Subtotal - Assistance Listing # 14.239			519,635	459,370
Total U.S. Department of Housing and Urban Development			1,580,902	630,199
U.S. Department of Justice				
Direct Awards:				
U.S. Marshals Violent Offenders Task Force	VOTF	16.000	34,743	-
North Texas Organized Crime Task Force	NTOCTF	16.000	7,575	-
Subtotal - Assistance Listing # 16.000			42,318	-
BJA Edward Byrne Memorial Justice Assistance Grant	15PBJA-22-GG-02269-JAGX	16.738	32,201	-
BJA Edward Byrne Memorial Justice Assistance Grant	15PBJA-23-GG-03829-JAGX	16.738	1,517	-
Subtotal - Assistance Listing # 16.738			33,718	-
National Sexual Assault Kit Initiative	2019-AK-BX-0026	16.833	13,409	-
Total Direct Awards			89,445	-
Passed through Denton County Friend of the Family				
Improving Criminal Justice Responses	15JOVW-21-GG-02041-ICJR	16.590	149,762	-
Total U.S. Department of Justice			239,207	-
U.S. Department of Transportation				
Passed through Texas Department of Transportation:				
Green Ribbon Landscaping Improvements Program	2681-01-026	20.205	4,900	-
Green Ribbon HW 377 Landscaping Enhancement	0081-04-045	20.205	19,739	-
Bonnie Brae From Windsor Drive to US 77	0918-46-319	20.205	1,331,082	-
Subtotal - Assistance Listing # 20.205			1,355,721	-
National Priority Safety Programs	2024-DentonPD-G-1YG-0092	20.616	80,179	-
Subtotal - Highway Safety Cluster			80,179	
Total U.S. Department of Transportation			1,435,900	-
U.S. Department of Treasury				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	4,504,038	681,291
Total U.S. Department of Treasury			4,504,038	681,291
National Endowment for the Humanities				
Passed through Humanities Texas:				
Mini Grant-Eco-poetry	2023-6866	45.129	2,000	-
Total National Endowment for the Humanities			2,000	-

City of Denton, Texas

Schedule of Expenditures of Federal and State Awards - Continued
For the Year Ended September 30, 2024

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D.NUMBER	FEDERAL ASSISTANCE LISTING NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Homeland Security				
Direct Awards:				
U.S. Immigration & Customs Enforcement Homeland Security Investigations	N/A	97.000	5,726	-
2022 Assistance of Firefighters (AFG) Grant	EMW-2022-FG-06769	97.044	10,215	-
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	EMW-2019-FF-00862	97.083	139,687	-
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	EMW-2020-FF-00715	97.083	409,619	-
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	EMW-2021-FF-01282	97.083	1,437,672	-
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	EMW-2022-FF-01860	97.083	434,628	-
Subtotal - Assistance Listing # 97.083			2,421,606	-
Total Direct Awards			2,437,547	-
Passed through Texas A&M Engineering Extension Office:				
National Urban Search & Rescue Response System	47-100-769	97.025	125,508	-
Passed through Texas Division of Emergency Management (TDEM):				
Disaster Grants - Public Assistance - Wildfire Season 2023	N/A	97.036	121,751	-
Disaster Grants - Public Assistance - Wildfire Season 2024	N/A	97.036	160,364	-
Disaster Grants - Public Assistance - Summer Fire Weather 2024	N/A	97.036	380,799	-
Total Passed Through Texas Division of Emergency Management (TDEM)			662,914	-
Passed through Office of the Governor - Homeland Security Grants Division:				
UASI Specialized Regional Response Teams Sustainment	EMW-2022-SS-00021	97.067	138,267	-
UASI -HAZMAT Detection Equipment	EMW-2023-SS-00025	97.067	72,546	-
SHSP-EOD Detection Technologies	EMW-2023-SS-00025	97.067	100,000	-
UASI-SWAT Helmets & Communication Devices	EMW-2023-SS-00025	97.067	64,346	-
Total passed through Office of the Governor - Homeland Security Grants Division			375,159	-
Total U.S. Department of Homeland Security			3,601,128	-
U.S. Department of the Interior				
Passed through Texas Historical Commission				
Historic Preservation-Certified Local Government (CLG) Grant	TX-24-015	15.904	3,293	-
Total U.S. Department of the Interior			3,293	-
Federal Aviation Administration				
Passed through Texas Department of Transportation Aviation Division:				
Airport Master Plan	24MPDNTON	20.106	65,592	-
Total Federal Aviation Administration			65,592	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 11,432,060	$ 1,311,490

City of Denton, Texas

Schedule of Expenditures of Federal and State Awards – Continued
For the Year Ended September 30, 2024

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D. NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
STATE AWARDS			
Office of the Texas Attorney General			
Chapter 59 Asset Forfeiture Award	N/A	$ 99,465	$ -
Total Office of the Texas Attorney General		99,465	-
Texas Department of Transportation			
Airport Maintenance Grant	M2418DNTO	99,632	-
RTR-Bonnie Brae Road - From IH35 East to US 377	0918-46-245	7,173,384	-
RTR-Mayhill Road - From IH35 East to US 380	0918-46-246	6,394,295	-
RTR-N TX Blvd Roundabout	0918-46-281	2,754	-
RTR-Hickory Creek Road Project	0918-46-290	4,016	-
RTR-Mckinney Street (Formerly FM 426)	0918-46-298	22,240	-
RTR-Mayhill Road South of Spencer Road to IH35 East	0918-46-325	738,831	-
RTR-Hickory Creek FM 1830 to Riverpass Drive	0918-46-332	56,520	-
RTR-Incident Management Freeway Blocking Equipment	0918-46-337	160,000	-
Total Regional Toll Revenue (RTR) Transportation Projects		14,552,040	-
Total Texas Department of Transportation		14,651,672	-
Texas A&M Engineering Extension Service			
Urban Search & Rescue Response System	47-100-769	538,464	-
Total Texas A&M Engineering Extension Service		538,464	-
Texas Commission on Environmental Quality			
Passed through North Central Texas Council of Governments:			
Solid Waste Implementation Grant	22-04-06	5,065	-
Total Texas Commission on Environmental Quality		5,065	-
Texas Office of the Governor - Criminal Justice Division			
Rifle- Resistant Body Armor Grant	2024-BG-ST-0025	64,580	-
Total Texas Office of the Governor		64,580	-
Texas Commission on the Arts			
2022 Utility Box Project	N/A	4,332	-
Total Texas Commission on the Arts		4,332	-
Texas State Library and Archives Commission (TSLAC)			
FY24 Family Place	FPG-24004	6,503	-
Total Texas State Library and Archives Commission		6,503	-
TOTAL EXPENDITURES OF STATE AWARDS		$ 15,370,081	$ -
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS		$ 26,802,141	$ 1,311,490

City of Denton, Texas

Notes to Schedule of Expenditures of Federal and State Awards

Note 1. General

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards of City of Denton, Texas (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal and state awards received directly from federal and state agencies as well as federal awards passed through other government agencies are included on the schedule of expenditures of federal and state awards (the schedule). The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Texas Grant Management Standards (TxGMS). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Basis of Accounting

The accompanying schedule is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 to the City's basic financial statements.

Note 3. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedule may not agree with amounts reported in the related federal and state financial reports with grantor agencies because of accruals which would be included in the next report filed with the agencies.

Note 4. Indirect Costs

The City has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

City of Denton, Texas

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2024

Section I - Summary of Auditor's Results

Basic Financial Statements:

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes __X__ No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? ____ Yes __X__ None reported

Noncompliance which is material to the basic financial statements noted? ____Yes __X__ No

Federal and State Awards:

Internal control over major programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? ____ Yes __X__ None reported

An unmodified opinion was issued on compliance for each major program.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or State of Texas Grant Management Standards? ____ Yes __X__ No

Identification of major programs:

Assistance Listing Number/Grant Identification Number	Name of Federal or State Program
Major Federal Programs:	
14.218	CDBG – Entitlement Grants Cluster
21.027	COVID-19 Coronavirus State & Local Fiscal Recovery Funds Program – ARPA
Major State Program:	Regional Toll Revenue (RTR) Transportation Projects
Dollar threshold used to distinguish Between type A and type B programs:	$750,000 for federal and state programs

Auditee qualified as low-risk for federal single audit? ____ Yes __X__ No

City of Denton, Texas

Schedule of Findings and Questioned Costs - Continued
For the Year Ended September 30, 2024

Section II - Financial Statement Findings

None

Section III - Federal and State Awards Findings and Questioned Costs

None

Section IV – Schedule of Prior Year Findings and Questioned Costs

None